Ministry of
Government
Services

Ministère des Services
Gouvernementaux

Registration Division
Division de l'enregistrement

2008

Annual Charge Book
Cahier des charges
Standard charge terms
Clause types de charge

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STANDARD CHARGE TERMS 2008 - CLAUSES TYPES DE CHARGE DEPOSEES EN 2008

CONTROL SHEET-FEUILLE DE CONTROLE

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200803	16	2008/02/15	FIRST COMMERCIAL BANK
200804	20	2008/03/04	London Civic Employees' Credit Union Limited
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

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Ontario
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Standard Charge Terms

Land Registration Reform Act

Filed By	CIBC Mortgages Inc.
Filing Number	
Filing Date	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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STANDARD CHARGE TERMS
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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms.

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean CIBC Mortgages Inc.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage. It is one payment period before the first regular payment date.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

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You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation and other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 Building mortgage

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the *Construction Lien Act* are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 *Making material changes*

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 *CIBC AeroMortgage®*

If you have a CIBC AeroMortgage, the following conditions apply to Aeroplan® Miles related to your mortgage:

- Only one Aeroplan account is eligible for Aeroplan Miles on your mortgage.
- You must designate a planholder who has reached the age of majority in the province where they reside.
- The planholder's account number provided by you (or assigned by Aeroplan LP) will be credited with Aeroplan Miles, according to the terms and conditions in this section.
- If the mortgage is in good standing and payments are up to date, we will credit the planholder's account with Aeroplan Miles on the interest portion of the regular payment paid by you. Aeroplan Miles will not be awarded on amounts paid by anyone other than you, including, without limitation, payments made by others (such as employers) under subsidized mortgages or group plans. We alone determine the actual number of points to be credited to the planholder.
- If the mortgage is not up to date, we will stop crediting Aeroplan Miles. We will credit any accrued Aeroplan Miles when payments are brought up to date.
- The planholder alone will be responsible for any tax obligations, including any tax reporting obligations that result from receiving or redeeming Aeroplan Miles.
- Except as stated below, the designation of a planholder cannot be changed during the term of the mortgage or during the period of any renewal. The designated planholder can only be changed at the time of conversion or renewal, or when the mortgage has reached maturity.
- If this mortgage is assumed by another person, or if title to your property is transferred, we will continue to credit Aeroplan Miles to the designated planholder until a new planholder is designated in writing by everyone who signed the mortgage. We will start crediting Aeroplan Miles to the new planholder on the first payment date after we have received a change in designation that is agreed to by everyone who signed the mortgage.

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- Aeroplan Miles that you accumulate on your mortgage have no monetary value and can only be redeemed according to the rules established by Aeroplan LP. Aeroplan Miles cannot be transferred to another person.
- We have the right to cancel the CIBC AeroMortgage program at any time without notifying you in advance.

3. Interest

3.1 Interest rate

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 Payment frequency

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

3.3 If you have a fixed interest rate mortgage

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

3.4 If you have a variable interest rate mortgage

If you have a variable interest rate mortgage, interest on your loan is calculated daily using a simple interest formula (which is the same as calculated yearly), not in advance. Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate. Interest is calculated by multiplying the outstanding principal amount by the current mortgage rate in effect at the time. The result is then divided by 365 and then multiplied by the number of days in the payment period during which the then current mortgage rate was in effect. Interest is calculated in this way whether or not it is a leap year. Interest is payable on each regular payment date.

If your mortgage is a CIBC Better Than Prime Mortgage™, the interest rate will be the CIBC Better Than Prime Mortgage Rate of CIBC as shown on the Charge/Mortgage of Land. The CIBC Better Than Prime Mortgage Rate will vary from time to time.

For all other variable interest rate mortgages, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time.

For **all** variable interest rate mortgages, the interest rate will change **automatically** every time there is a change in the CIBC Prime Rate or the CIBC Better Than Prime Mortgage Rate. These changes will occur without you being notified.

You can always find the current CIBC Prime Rate and the current CIBC Better Than Prime Mortgage Rate at any CIBC branch in Canada.

If there is a need to prove the CIBC Prime Rate or the CIBC Better Than Prime Mortgage Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

The amount of interest that has accumulated on your loan amount from one regular payment date to the next that is more than your regular payment is called deferred interest. We will charge you interest on the deferred interest at the current mortgage rate starting on the payment date on which the interest became deferred interest. On the next payment date, interest on the deferred interest will be added to the deferred interest. Once it is added, it becomes part of the deferred interest owing, and interest is charged on it. This will continue until all of the deferred interest is paid. You can find out the amount of any deferred interest owing at any time by contacting us.

™ CIBC Better Than Prime Mortgage is a trademark of CIBC

3.5 Interest on amounts advanced to you before the interest adjustment date

If this is a fixed rate mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated using the rate and method in effect for your mortgage on the date we advance you the money. You can find out what this rate is by contacting us or any CIBC branch in Canada.

If this is a variable rate mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated daily at your current mortgage rate.

If this is a building mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.6 Interest on overdue amounts

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately, both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.7 Interest adjustment when payment frequency changes

If you are not in default on your loan, you may change your payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.8 U.S.A. resident

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

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In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 *Regular payments*

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 *Bank account for payments*

You must maintain a bank account that is satisfactory to us with a CIBC branch and give us authorization to automatically deduct each payment of principal, interest, taxes and life insurance premiums (if applicable) when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 *Payments on amounts advanced to you before the interest adjustment date*

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 *The effect of variable interest rates on your payments*

(applies ONLY to variable rate mortgages)

If you have a variable rate mortgage, the interest rate on your mortgage may change from time to time. However, your regular payment will stay the same, unless you change your regular payment as allowed by this mortgage.

Section 4.8 below describes how we apply your payments. Your regular payments are applied to interest owing on the outstanding principal amount up to the date of the payment before they are applied to the principal amount. If the interest rate increases, a larger portion of your regular payment will be applied to interest and a smaller portion of your regular payment will be applied to the principal amount. The result will be that you may owe more on the balance due date than was originally stated in the Mortgage Disclosure Statement.

If the interest rate increases to the point that your payment amount no longer covers the interest portion of your regular payments, the amortization period of the mortgage may increase. If this happens, you may be required to increase the amount of your regular payment so that the mortgage will be repaid over the remaining balance of the original amortization period. The rate of interest that will cause this to happen is stated in the Mortgage Disclosure Statement that you signed.

4.6 *Payment on default*

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all overdue amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes and life insurance premiums (if applicable) on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.7 *Demand to repay the total loan amount immediately*

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.8 *How we apply your payments*

We will apply payments we receive from you in the following order:

1. To pay any collection expenses.
2. To pay any life insurance premiums on the mortgage.
3. To bring into good standing any accounts related to the mortgage in which we hold funds for payment to others or from which amounts are debited, including tax accounts.
4. To pay any applicable administration and processing fees.
5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.
6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. The actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have a variable rate mortgage with monthly payment dates. Every month, they pay $557.50. Of this payment, $62.00 is for life insurance premiums and $55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was $87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

Deferred Interest:	$40.00
Collection Expenses:	$45.00

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Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

Step 1: Total payment	$557.50
Step 2: Subtract collection expenses	$45.00
Step 3: Subtract life insurance premiums	$62.00
Step 4: Subtract estimated taxes	$55.00
Step 5: Estimate and subtract interest on the principal amount	

Interest on the principal amount can be estimated using the following formula:

$$\text{Principal Amount} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$87{,}500.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$268.49$$

Step 6: Subtract deferred interest owing	$40.00
Step 7: Estimate and subtract interest on the deferred interest	

Interest on deferred interest can be estimated using the following formula:

$$\text{Deferred Interest} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$40.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$0.12$$

Step 8: Estimated amount left to be used to reduce the principal amount	$86.89

4.9 *Changing the amount of your regular payment*

(applies ONLY if you have a fixed rate closed mortgage, a 6-month convertible closed mortgage, a CIBC Variable Flex Mortgage™ or a CIBC Better Than Prime Mortgage)

You may increase the amount of your regular payment at any time without paying a prepayment charge. The total of these increases during the term of your mortgage cannot be more than 100% of your original regular payment amount. However, if you have a **CIBC Variable Flex Mortgage**, these payment increases can only be made if the amortization period that results from the increased payment amount is 5 years or more.

You may also decrease the amount of your payment, but only if the amortization period for the mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization period.

To qualify for increasing or decreasing your payments, you must also meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.10 *Prepaying your open mortgage without paying a prepayment charge*

(applies ONLY if you have a fixed rate open mortgage or a variable rate open mortgage)

If this is a **fixed rate open mortgage** or a **variable rate open mortgage,** you may prepay all or any part of the loan amount without paying a prepayment charge. You may prepay the entire loan amount at anytime, but a partial prepayment can only be made on a regular payment date. To qualify, you must meet the following conditions:

- you must have met all your obligations under the mortgage;

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- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

4.11 Prepaying your closed mortgage without paying a prepayment charge

If you have a **fixed rate closed mortgage,** or a **6-month convertible closed mortgage,** you may, in each calendar year, prepay up to 10% of the original principal amount without paying a prepayment charge. This amount increases to 15% if you have a **CIBC AeroMortgage that is not a CIBC Variable Flex Mortgage** or a **CIBC Better Than Prime Mortgage** and increases to 20% if you have a **CIBC Variable Flex Mortgage, including a CIBC AeroMortgage that is a CIBC Variable Flex Mortgage**. The following conditions apply:

- you may only make a prepayment on a regular payment date;
- you may make more than one prepayment in a calendar year, but the total of all prepayments in any calendar year cannot be more than the 10%, 15% or 20% limit, whichever applies;
- each prepayment must be at least $100.00;
- if you do not use any or all of this privilege in a calendar year, you cannot carry forward any unused portion of the privilege to a future calendar year;
- this privilege of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the calendar year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.12 Prepaying your mortgage with prepayment charges

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay, in addition to the outstanding loan amount owing on the date of prepayment. Interest costs will be calculated at your mortgage interest rate that is in effect on the date the mortgage payout statement is prepared.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying a CIBC Better Than Prime Mortgage

If you have a **CIBC Better Than Prime Mortgage,** you may prepay more than the 15% allowed in a calendar year or prepay all of the outstanding principal amount of your mortgage, but a prepayment charge will apply. This prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 15% allowed in any calendar year and the interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement. You can prepay your mortgage in full at any time before the maturity date.

Prepaying a CIBC Variable Flex Mortgage (including an AeroMortgage that is a CIBC Variable Flex Mortgage).

If you have a **CIBC Variable Flex Mortgage (including an AeroMortgage that is a CIBC Variable Flex Mortgage)**, you may prepay more than the 20% allowed in a calendar year or prepay all of the outstanding principal amount of your mortgage, but a prepayment charge will apply. This prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 20% allowed in any calendar year and the interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement. You can prepay your mortgage in full at any time before the maturity date.

Prepaying a fixed rate closed mortgage or a 6-month convertible closed mortgage

If you have a **fixed rate closed mortgage** or a **6-month convertible closed mortgage,** you may prepay some or all of the outstanding principal amount of your mortgage before maturity. The following conditions will apply:

If you make a **partial** prepayment that is more than what is allowed in section 4.11, the prepayment can only be made on a regular payment date and a prepayment charge will be applied to the amount of your prepayment that is more than what is allowed in section 4.11. If you prepay the **entire** outstanding principal amount, the prepayment can be made at any time before the maturity date and a prepayment charge will be applied to the full amount of the prepayment.

In both cases, this prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage. Also, in both cases, the prepayment charge will be the **higher** amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate; or
- the interest rate differential amount, which is explained below.

If you are making a **partial** prepayment that is more than allowed in section 4.11, the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate.

2. The interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated from the prepayment date to the maturity date of your mortgage at the interest rate posted by us on the date of prepayment for the type of mortgage described in the chart below. Use the chart below to find out what interest rate would apply in your case.

If the length of time between the prepayment date and the maturity date of your mortgage is:	**We will use the posted interest rate charged by us on the date of prepayment for a CIBC brand closed mortgage product similar to yours with a term of:**
Less than or equal to 12 months	6 months
Greater than 12 months and less than or equal to 18 months	1 year
Greater than 18 months and less than or equal to 30 months	2 years
Greater than 30 months and less than or equal to 42 months	3 years
Greater than 42 months and less than or equal to 54 months	4 years
Greater than 54 months and less than or equal to 78 months	5 years
Greater than 78 months and less than or equal to 102 months	7 years
Greater than 102 months and less than or equal to 120 months	10 years

Note: Any discount you received on your existing annual interest rate includes any program discount you received, such as the CIBC Better Than Posted Mortgage™ Promotional Rate and the CIBC Better Than Posted Mortgage Ongoing Rate.

If you are prepaying the **entire** outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount you are prepaying, calculated from your last scheduled regular payment date that is on or before the date of prepayment, whether or not it was actually paid, to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate.

2. The interest costs on the amount you are prepaying, calculated from your last scheduled regular payment date that is on or before the date of prepayment, whether or not it was actually paid, to the maturity date of your mortgage at the interest rate posted by us on the date we prepare the payout statement for the type of mortgage described in the chart below. Use the chart below to find out what interest rate would apply in your case.

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If the length of time between the Statement Effective Date and the maturity date of your mortgage is:	**We will use the posted interest rate charged by us on the date the mortgage payout statement is prepared for a CIBC brand closed mortgage product similar to yours with a term of:**
Less than or equal to 12 months	6 months
Greater than 12 months and less than or equal to 18 months	1 year
Greater than 18 months and less than or equal to 30 months	2 years
Greater than 30 months and less than or equal to 42 months	3 years
Greater than 42 months and less than or equal to 54 months	4 years
Greater than 54 months and less than or equal to 78 months	5 years
Greater than 78 months and less than or equal to 102 months	7 years
Greater than 102 months and less than or equal to 120 months	10 years

Note: Any discount you received on your existing annual interest rate includes any program discounts you received such as the CIBC Better Than Posted Mortgage Promotional Rate and the CIBC Better Than Posted Mortgage Ongoing Rate.

Here are two examples of how you can estimate prepayment charges. The results in these examples are only estimates. The actual amounts may be higher or lower than the estimates.

Example of how to estimate the prepayment charge for a partial prepayment

Peter has a CIBC Better Than Prime Mortgage. This is a variable rate mortgage. His original principal amount was $150,000.00.

Each year he is allowed to make a 15% prepayment, which is $22,500.00, without any prepayment charges. He has not made a prepayment in the current calendar year.

He wants to make a payment of $35,000.00 to reduce his mortgage. He can prepay $22,500.00, without a prepayment charge, but he must pay a prepayment charge on the remaining $12,500.00.

Because Peter has a CIBC Better Than Prime Mortgage, the prepayment charge is equal to three months' interest at the CIBC Prime Rate in effect on the prepayment date, which is 5.000%.

Here is how Peter can estimate the prepayment charge.

Step 1: The amount that is more than his 15% prepayment privilege.	$12,500.00
Step 2: The CIBC Prime Rate in effect on the date of prepayment, written as a decimal. Thus, 5.000% = .05.	0.05
Step 3: He multiplies the prepayment amount by the interest rate. This is equal to an estimate of one year's interest.	$625.00
Step 4: He divides the annual interest cost by 12 to get an estimate of one month's interest.	$52.08
Step 5: He multiplies this by three to get an estimate of three months' interest. This is the estimate of the prepayment charge.	$156.24

When Peter makes his prepayment, he needs to pay an estimated additional amount of $156.24 to pay for the prepayment charge. This is only an estimate. Peter can call CIBC Mortgages Inc. or his CIBC branch to find out the exact amount of the prepayment charge.

Example of how to estimate the prepayment charge for prepaying the full amount of a fixed-rate mortgage

Maria has a 5-year fixed rate closed mortgage. When she arranged the mortgage, she received a discount of .500% below the posted interest rate of 7.000%. So, her annual interest rate is 6.500%.

The principal amount she still owes is $100,000.00. She has two years (or 24 months) left in the term of this mortgage. However, Maria has just inherited some money and wants to pay off the mortgage.

In Maria's case, the prepayment charge will be the higher of the following two amounts:

- three months' interest at her interest rate of 6.500% plus the discount she received of .500%, which is equal to 7.000%, or
- the interest rate differential amount.

Here is how Maria can estimate the prepayment charge for paying off the mortgage.

Three Months' Interest

First, she has to estimate three months' interest on the amount she is paying.

Step 1: She writes down the amount she wants to pay off.	$100,000.00
Step 2: She writes down her interest rate plus the discount, written as a decimal. So, 7.000% becomes .07.	0.07
Step 3: She multiplies the amount she is prepaying by her interest rate plus the discount ($100,000.00 x .070) to get the estimated annual interest costs.	$7,000.00
Step 4: She divides the estimated annual interest cost by 12 to get an estimate of one month's interest.	$583.33
Step 5: She multiplies this by 3 to get the estimate of three months' interest.	$1,749.99

An estimate of three months' interest would be $1,749.99.

Interest Rate Differential Amount

Now, she has to estimate the interest rate differential amount. Here is how she does that.

Step 1: She writes down her annual interest rate, plus the discount. So, 6.500% plus .500% equals 7.000%.	7.00
Step 2: She looks in the chart to see what interest rate will be used to calculate the interest rate differential amount. The chart says it will be the posted rate for a 2-year CIBC brand closed mortgage product similar to Maria's on the date the mortgage payout statement is prepared. She calls her CIBC branch to ask what that rate is today. They tell her it is 5.000%.	5.00
Step 3: She subtracts the result from step 2 from the result from step 1.	2.00
Step 4: She writes the result from step 3 as a decimal, which is the same as dividing it by 100.	0.02
Step 5: She multiplies the amount she is going to pre-pay ($100,000.00) by the result from step 4.	$2,000.00
Step 6: She divides the amount in step 5 by 12.	$166.67
Step 7: She multiplies the result of Step 6 by the number of months left in the term of her mortgage, which is 24 months.	$4,000.00

The Estimated Prepayment Charge

In Maria's case, the estimated prepayment charge is the higher of the estimated three months' interest costs of $1,749.99 and the estimated interest rate differential amount of $4,000.00. So, if Maria's mortgage payout statement was prepared today, an estimate of her prepayment charge would be $4,000.00.

This is only an estimate. Maria should call CIBC Mortgages Inc. or her CIBC branch to find out the exact amount.

4.13 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.14 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.15 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal and early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

4.16 Repaying the cash back option

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. Depending on the terms of the cash back agreement that you signed, you may be required to do this if, for any reason, any of the following occurs before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;
- the mortgage is refinanced, or you renew the mortgage early;
- the mortgage is assumed;
- the mortgage is converted;
- you sell your property and buy another property within 60 days and we finance the new mortgage under section 14, "Portability" in these Standard Charge Terms;
- the mortgage is discharged, transferred out or otherwise prepaid in full; or
- your property is sold under power of sale or foreclosure.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents, including the cash back agreement.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time the mortgage is amended, discharged, assumed, converted, refinanced, transferred out, prepaid in full, sold under power of sale or foreclosure, or when you take advantage of early renewal or portability.

5. Early renewal of open mortgages

(applies ONLY if you have a fixed rate open mortgage or a variable rate open mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must apply in person at any CIBC branch;
- you must select from the mortgage options that we offer under the CIBC brand at the time you apply for early renewal;

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- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions,
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement,
- you must pay us any administration and processing fees that apply to early renewal,
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest, and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

(applies ONLY if you have a 6-month convertible closed mortgage, a CIBC Better Than Prime Mortgage, a CIBC Variable Flex Mortgage or a variable rate open mortgage)

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may convert your mortgage to another CIBC brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- you must have met all your obligations under the mortgage,
- if you have a **6-month convertible closed mortgage,** you must convert your mortgage to a fixed rate closed mortgage having a term of one year or more, a CIBC Better Than Prime Mortgage with a term of five years or a CIBC Variable Flex Mortgage, including a CIBC AeroMortgage that is a CIBC Variable Flex Mortgage, **with a term of five years**,
- if you have a **CIBC Better Than Prime Mortgage or a CIBC Variable Flex Mortgage (including a CIBC AeroMortgage that is a CIBC Variable Flex Mortgage)**, you must convert your mortgage to a fixed rate closed mortgage having a term of three years or more,
- you must apply in person at any CIBC branch,
- you must sign our mortgage conversion or amending agreement, which will contain all changed terms and conditions of the mortgage option you select,
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage conversion or amending agreement,
- you must pay us any administration and processing fees that apply to converting the mortgage,
- you must pay us any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest, and
- you must pay all legal expenses related to converting your mortgage, including the costs of registration of the conversion documents.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement you sign.

7. Designated amount

(applies ONLY if you have a CIBC Better Than Prime Mortgage, a CIBC Variable Flex Mortgage or a variable rate open mortgage)

The designated amount is equal to 105% of the original principal amount of the mortgage or may be another amount that we have agreed to in writing.

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If at any time the outstanding loan amount exceeds the designated amount, we will require you to do one or more of the following:

- increase the amount of your regular payment so the mortgage will be repaid completely over the remaining time in the original amortization period;
- reduce the loan amount owing by making a lump sum payment to reduce the outstanding loan amount below the designated amount; or
- convert the mortgage to a fixed rate mortgage according to the requirements outlined in section 6, "Converting Your Mortgage".

If you do not do so, we have the right to:

- require you to pay the entire loan amount immediately; or
- increase your regular payment amount so that the mortgage will be repaid completely over the remaining time in the original amortization period.

8. Your obligations related to your property

8.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

8.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, and that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, or registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this

paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.

- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

8.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

8.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us, and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

8.5 *Property taxes*

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments. The table below outlines how we calculate your tax instalments.

If your regular mortgage payments are:	Then your tax instalment will be calculated as follows:
Weekly	Estimated annual taxes divided by 365 and then multiplied by 7 (the number of days in the payment period)
Bi-Weekly	Estimated annual taxes divided by 365 and then multiplied by 14 (the number of days in the payment period)
Semi-Monthly	Estimated annual taxes divided by 24 (the number of payments in the year)
Monthly	Estimated annual taxes divided by 12 (the number of payments in a year)

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

If the taxes on your property are more than our estimate, or if for any other reason the amount you have paid to us for taxes is less than the amount we have paid for taxes, we will charge you interest at the mortgage rate on the difference.

If you want to take advantage of any discount or avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

8.6 *Repairs*

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

8.7 *Leasing or renting your property to another person*

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

8.8 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or other mortgage insurer approved by us from time to time, the mortgage insurer or its agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we or the mortgage insurer enforce our rights under this section, we or the mortgage insurer will not be considered to have taken possession, management or control of your property. This also applies to our agents and the agents of the mortgage insurer.

8.9 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

8.10 Possession of your property on default

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

9. Condominium

(applies ONLY to property that is a condominium unit)

9.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

9.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

9.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

9.4 *Voting rights*

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

9.5 *Acceleration of repayment of the loan amount*

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 9.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

9.6 *Insurance*

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

10. Our rights

10.1 We are under no obligation to make advances to you under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

10.2 Releasing your property from the mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

10.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
    - interest owing under the mortgage; and

  - all or any part of the loan amount, whether it is due or not.

- **Sue you.** We may take any action that is necessary to collect the loan amount.
- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale, after paying all costs and expenses, to reduce any part of the loan amount. We will only be responsible for the money remaining after we pay all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

10.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person who has obligations under the mortgage, including a guarantor, to meet those obligations.

10.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

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10.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

10.7 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

10.8 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available from any CIBC branch in Canada, or by contacting us.

10.9 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

11. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the entire loan amount immediately. Accepting any payment from any person who we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the full loan amount immediately.

You agree to give us sufficient information to enable us to decide whether we should give our written approval. After we have received this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

- we give our written approval to you to transfer title to your property;
- the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place, and
- you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

12. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times, do any of the following, without notifying any guarantor and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;

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- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

13. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

14. Portability

14.1 If this mortgage is a CIBC Variable Flex Mortgage

If this is a CIBC Variable Flex Mortgage, your mortgage cannot be transferred to another property. However if you have met all your obligations under this mortgage, and if you have agreed to sell your property and purchase another property within 60 days of the sale of your original property, at our sole discretion we may provide financing for the purchase of the new property; and if we do, we will refund to you the prepayment charge in connection with your prepayment of this mortgage upon sale of your original property. The following conditions apply:

- You must apply in writing.
- The principal amount of the new mortgage must be the same as or more than the principal amount of this mortgage on the date of prepayment.
- The new mortgage on the new property must be a CIBC Variable Flex Mortgage or a closed fixed rate mortgage with a term of three years or greater. The interest rate and terms will be those that we offer to you for that type of mortgage at the time the new mortgage is advanced.
- The sale of your original property must be in good faith and be an "arms-length" sale.
- Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met, including any requirements of the mortgage insurer, if applicable.
- You will be responsible for paying all applicable processing or administration fees, mortgage insurance premiums, all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

14.2 If this mortgage is not a CIBC Variable Flex Mortgage

If you have a mortgage other than a CIBC Variable Flex Mortgage and you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 60 days of the sale of your original property, we may provide financing for the purchase of the new property. You will be required to give us a mortgage on your new property. The following conditions apply:

- You must apply in writing.
- The term of the new mortgage must be equal to the remaining term of this mortgage.
- The sale of your original property must be in good faith and be an "arms-length" sale.
- On the date you complete the sale of your original property, the loan amount must be paid in full, including all applicable prepayment charges. However, if the new mortgage is advanced to you within 60 days of the prepayment of the original mortgage, we will refund the prepayment charge to you, **unless** the principal amount of the new

mortgage is less than the principal amount still owing under the original mortgage on the date of prepayment (see below).

- If the principal amount of the new mortgage is the **same as** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage.
- If the principal amount of the new mortgage is **less than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage. In this case, we will **not** refund to you any prepayment charge you paid on the amount of the outstanding principal amount of the original mortgage that is greater than the principal amount of the new mortgage.
- If the principal amount of the new mortgage is **greater than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate for the new mortgage will be:

Original Mortgage Type	Interest Rate
Variable rate mortgage (except for CIBC Variable Flex Mortgage)	The variable interest rate for this mortgage.
Fixed rate mortgage (with a remaining term of 12 months or less)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed CIBC brand mortgage product similar to yours having a 6-month term.
Fixed rate mortgage (with a remaining term of more than 12 months)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed CIBC brand mortgage product similar to yours having a term similar to the remaining term of this mortgage.

- Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met, including any requirements of the mortgage insurer, if applicable.
- You will be responsible for paying all applicable processing or administration fees, mortgage insurance premiums, all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

15. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

16. *Family Law Act*

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

17. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

18. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

19. *National Housing Act*

All CMHC insured mortgages are made according to the *National Housing Act*.

20. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

21. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, insure, maintain and collect upon your mortgage. We will use and disclose your personal information according to CIBC's privacy policies which are outlined in CIBC's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting any branch of CIBC.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage. You also agree that we may insure this mortgage with CMHC or other mortgage insurer approved by us from time to time. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage and to any mortgage insurer. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee, mortgage insurer and service provider to administer the mortgage and exercise their rights under it.

22. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge.

You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

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Appendix 1
Equivalent Interest Rates

If the interest rate specified in your mortgage is compounded monthly not in advance, you may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below.

MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY
1.000	1.00209	**9.000**	9.17045	**17.000**	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	18.55403
2.000	2.00835	**10.000**	10.21066	**18.000**	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49766
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.[illegible]7950	24.875	26.20028

DATED at Toronto, this 9 day of January, 2008

Patricia Knight
Solicitor for CIBC Mortgages Inc.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200802 Cote
Filing Date JAN 29th 2008 Date de Dépôt
Page 1 of/de 18 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by: **myNext Funding Corporation**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

1. DEFINITIONS:

In this set of standard charge terms:

"ACT" means the *Land Registration Reform Act*, R.S.0.1990, C.L.4, (as amended or replaced);

"adjustment date" means the date on which an interest adjustment occurs on an adjustable rate mortgage;

"borrower, you and **your"** means each person who signs the mortgage as chargor(s);

"CMHC" means Canada Mortgage and Housing Corporation;

"default" is when the mortgage is in arrears;

"GENW" means Genworth Financial Canada, previously known as "GEMI" meaning GE Capital Mortgage Insurance Company (Canada);

"interest adjustment date" means the date specified as the interest adjustment date in the registered document;

"lender, we, our and **us"** means myNext Funding Corporation, or any other subsidiary of myNext Funding Corporation as chargee;

"loan amount" means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

"mortgage or charge", when used as a noun, means a Charge/Mortgage of Land, any schedules attached to it, any renewals or amendments and this set of standard charge terms;

"paragraph" refers to a numbered paragraph in this set of standard charge terms;

"principal amount" means the amount set out in the registered document;

"registered document" means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;

"schedule" means any schedule attached to the Charge/Mortgage of Land; and

"your property" means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the Condominium Corporation, and references to "your property" mean all or any part of it.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants set out in section 7(1) of the Act are excluded from the mortgage.

3. OUR LOAN TO YOU

In return for our lending you the principal amount or such portion of the principal amount as is advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

(a) if you are the owner of your property, you charge your entire interest in your property to us; or

(b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us,

in either case to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate payable by you is specified in the registered document. Interest is payable at the frequency set out in the registered document and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on the interest adjustment date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

5. ADJUSTABLE RATE MORTGAGE (Applicable only to Adjustable Rate Mortgages)

(a) Interest Rate

The interest rate payable by you under the mortgage is an adjustable rate which will automatically be adjusted monthly, with the first adjustment occurring on the first day of the month following the interest adjustment date (every day on which an adjustment is made is referred to herein as an "adjustment date") and on the first day of each month thereafter. On each adjustment date, the interest payable for the next monthly period will equal the Prime Rate less or plus the amount stated in the mortgage provided the mortgage is not in default. The interest rate will change on each adjustment date to reflect changes in the Prime Rate without any notice to you. Within a reasonable time after each change in the interest rate, we may mail to you, at your last known address according to our records, a notice of the changed interest rate and its effective date. The interest rate will vary in accordance with this paragraph even if we fail to send this notice or you fail to receive it.

For the purposes of this paragraph 5, the term "Prime Rate", means on any day, the annual rate of interest which the Royal Bank of Canada establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest".

The interest rate on this mortgage is calculated monthly not in advance and payable monthly as herein set forth, as well as before maturity and both before and after default.

(b) Payment Amount

(i) Adjustable Rate Mortgage - Fixed Payment

The amount of the monthly payment as at the date of advance of funds is set out on page one of this mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate for a fixed three or five year term. The amount of the monthly payment will be fixed for the term of the mortgage. If the amount of any monthly installment paid by you is insufficient to pay the interest accrued under the mortgage at the time such installment is paid, the accrued interest which remains unpaid shall itself bear interest (which is referred to as compound interest) at the adjustable mortgage rate until paid. In those instances where, due to a change in the adjustable mortgage rate, the monthly installments of principal and interest paid by you are less than the actual amounts owed by you, we may notify you of the amount of such excess and you shall, at our request, pay to us an amount equivalent to such excess. We shall also have the right to increase your monthly installments for the remainder of the term of the mortgage to an amount determined by us to cover further fluctuations in the adjustable mortgage rate.

(ii) Adjustable Rate Mortgage - Adjustable Payment

The amount of the monthly payment as at the date of advance of funds is set out on page one of this mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate for adjustable rate mortgage. The amount of the monthly payment will be adjusted each time the interest rate of the adjustable rate mortgage changes and will be calculated based on the then current principal balance and the original amortization period less the months under repayment. If the amount of any monthly installment paid by you is insufficient to pay the interest accrued under the mortgage at the time such installment is paid, the accrued interest which remains unpaid shall itself bear interest (which is referred to as compound interest) at the adjustable mortgage rate until paid.

(c) Conversion

You, when never having been in default under the terms of this mortgage shall have the option at any time during the initial term of this mortgage, of converting to a fixed rate mortgage with a term equal to the remaining term. The mortgage will be converted for the remaining term on the original mortgage upon receipt of a written request made by you and delivered to our head office located in the Province of Ontario. The interest rate for the converted mortgage shall be based on our prevailing posted interest rates in effect on the date the written request for conversion is received by us. The conversion to a fixed rate mortgage will take effect on the next adjustment date applicable under the mortgage following receipt by us of the written request of conversion to a fixed term.

6. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will charge interest, at the rate provided for in the mortgage (called "compound interest") both before and after the balance due date set out in the registered document, default and judgment on all overdue amounts (including interest). You must pay this additional interest immediately when we require, both before and after the balance due date, default and judgment.

7. PROVISIONS REGARDING ALTERNATE PAYMENT FREQUENCIES

Notwithstanding the monthly payment dates set out elsewhere in this mortgage document, in the event you elect to make payments more frequently as permitted, the following provisions shall apply:

(a) If you elect an **Accelerated Weekly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/4 of the regular monthly installment, payable on the 7th day following the interest adjustment date and on every 7th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds two (2) weekly payments, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(b) If you elect an **Accelerated Bi-Weekly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/2 of the regular monthly installment, payable on the 14th day following the interest adjustment date and on every 14th day thereafter.

STANDARD CHARGE TERMS
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The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds one (1) bi-weekly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(c) If you elect a **Semi-Monthly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/2 of the regular monthly installment, payable on the 1st day and the 15th day of each month commencing with the first such day following the interest adjustment date.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds one (1) semi-monthly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

8. REPAYMENT OF LOAN AMOUNT

(a) Currency and Place

You will pay the loan amount to us in Canadian Dollars, at the address set out in the registered document or as you may be notified in writing.

(b) Interest Adjustment Date

(i) Fixed Rate Mortgages: Interest on advances up to the interest adjustment date will be calculated semi-annually not in advance at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

(ii) Adjustable Rate Mortgages: Interest on advances up to the interest adjustment date will be calculated monthly at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

(iii) Accrued interest on progress advances, if this is a building mortgage, up to the interest adjustment date established for the initial term of the mortgage, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage, will be deducted from the last substantial advance.

(c) Regular Payments

You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document starting with the first payment date until and including the last payment date. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

(d) Payment Provisions on Default

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If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest and taxes and life insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 18.

(e) Bank Account for Payments

You must maintain an account of a type satisfactory to us with a branch of a bank, trust company or credit union and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and life insurance premiums applicable when due. You must make sure that the account always contains sufficient funds to make each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then processing fees for any actions which we have to take under this paragraph 8.

9. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used in the following order to pay: a) collection expenses, if any; b) life insurance premium, if any; c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the mortgage, including tax accounts (the "escrow accounts"); d) to pay interest or reduce the interest on the principal amount accumulated to but not including the payment date; and e) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage we may apply your payment or any other money we receive towards any part of the outstanding loan amount we choose.

10. YOUR PREPAYMENT RIGHTS

This mortgage is closed. However, when not in default of any of the terms, covenants, conditions or provisions contained in the mortgage, you shall have the following privileges for payment of extra principal amounts:

(1) During each calendar year following the advance of funds you may, without penalty:

- (i) make prepayments totalling up to twenty percent (20%) of the original principal amount of the mortgage;
- (ii) increase the monthly payment by a total up to twenty percent (20%) of the then current monthly payment

These privileges shall not be cumulative and do not apply if you are prepaying more than twenty percent (20%) of the original principal amount of the mortgage, even if you have not used the privilege in the calendar year in which the prepayment is made.

(2) At our option, you may prepay the mortgage at any time upon payment of a penalty equal to the GREATER of:

- (i) the interest differential based on the difference between the current interest rate of the mortgage and our prevailing posted interest rates interpolated for the remaining term, calculated over the term remaining on the original mortgage, all as determined by us at our sole direction; or
- (ii) three (3) months interest penalty calculated at the current interest rate of the mortgage.

11. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

(i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property;

(iii) you have the right to give us the mortgage;

(iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the land titles/registry office and except for building and zoning by-laws, with which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and
- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we will have possession of your property without any encumbrances or interference;

(viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles office and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

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(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 11(b)(xii) as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 23(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 23 and, in particular, under paragraph 23(a)(iv);

(xv) we may remove you or any other person as trustee of the trust referred to in paragraph 11(b)(xiii) and appoint a new trustee or trustees.

12. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

13. INSURANCE (Paragraph 13 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvement on your property for not less than their full replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and not less than 15 days before any policy expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the rate specified in the registered document.

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

(i) used to repair or rebuild your property;

(ii) paid to you; and/or

(iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

14. PROPERTY TAXES

(a) "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.

(b) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

(c) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax installment calculated as below, based on the estimated annual taxes (as determined by us) that will be payable for the year following such regular mortgage payment date. The amount of each tax installment shall be:

(i) if the payments of the principal and interest are weekly; estimated annual taxes x 7/365

(ii) if the payments of the principal and interest are bi-weekly: estimated annual taxes x 14/365

(iii) if the payments of the principal and interest are semi-monthly: estimated annual taxes x 1/24

(iv) if the payments of the principal and interest are monthly: estimated annual taxes x 1/12

(d) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 14(c). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them. We do not have to hold any moneys which you send us under this paragraph 14 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may if we wish, apply any moneys which we have received under paragraph 14 to any portion of the loan amount.

(e) Property Taxes

Notwithstanding any proviso or covenant contained elsewhere herein, as a condition of us (in our sole discretion, but not under any obligation to do so) permitting you to pay the property taxes directly to the local taxing authority, you covenant and agree to pay the property taxes directly to the local taxing authority, you covenant and agree to pay taxes as and when the taxes become due and to submit to us tax receipts evidencing the payment of the said taxes within 30 days after they become due and you further agree that we may revoke this permission at any time, in which event paragraphs 14(a) through (d) will apply.

15. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

16. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the registered document then we do not have to do so. This applies even if the mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Even so, you have charged all of your interest in your property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and expenses, for investigating title to your property and for registering the mortgage.

17. LEASES AND RENTS

(a) If your property is intended to be used as owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to do at our option.

(b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

(c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

- execute and deliver to us an assignment in registerable form acceptable to us of all leases, lease agreements and their renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and

- give us security on chattels, fixtures and equipment as we may reasonable require.

You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 17, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph 17 will put us in possession of your property and we are not obliged to collect any rent or income from your property or to comply with any term of any lease or agreement.

(f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section 52(1) of the Mortgages Act, R.S.O. 1990, c.M.40 (as amended or replaced).

18. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

(a) you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 11) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

(f) your property is abandoned;

(g) if any of you or any guarantor makes an assignment for the benefit of your creditors, makes a proposal or otherwise takes advantage of provisions for relief from creditors under the *Bankruptcy and Insolvency Act* or similar legislation in any jurisdiction or any proceeding is instituted against you or any guarantor seeking to have an order for relief entered against any of you as debtor or to adjudicate any of you as bankrupt or insolvent;

(h) a receiver of all or any part of the property is appointed;

(i) a writ of execution against the property remains unsatisfied for a period of five (5) days;

(j) the holder of any other charge, lien or claim against the property does anything to enforce or realize on its claim;

(k) all or any portion of the property is expropriated;

(l) if you or any guarantor dies or is declared incompetent to manage your, his or her affairs; or

(m) you sell, transfer or convey your interest in the property without our prior written consent.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

19. BUILDING MORTGAGE

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as possible.

Subject to paragraph 16, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Construction Lien Act*, R.S.O. 1990, c.C.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

20. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

21. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended with or without penalty by written agreement(s) with you, with or without any increase in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

Renewal of Mortgage: In the event that we do not receive your instructions regarding the renewal of the mortgage by the maturity date set out in the registered document, the mortgage will be automatically renewed into a five year Adjustable Rate Mortgage with adjustable payments.

22. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any

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payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee, under a lease of your property we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. Any interest which accrues as a result of changes requested by you to frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in the registered document

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

23. ENFORCING OUR RIGHTS

(a) **Remedies.** If you do not make any payment when required under the mortgage, have misrepresented personal and/or credit information required to grant the mortgage, or do not comply with any of your other obligations under the mortgage,

If you or any guarantor dies or is declared incompetent to manage your, his or her affairs we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you.** We may take such action as is necessary to collect the loan amount.

(ii) **Foreclosure or Sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) **Lease Your Property.** If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(iv) **Power of Sale.** If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act* enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) **Enter on Your Property.** We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount.

(vi) **Appoint a Receiver.** We can appoint, in writing a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage and pay all or any part of the loan amount whether it is due or not.

(vii) **Cure Any Defaults.** We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(b) **Non-interference.** If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) **Our expenses.** All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a solicitor and client basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(d) **Delay in Enforcement.** Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(e) **Judgments.** If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

24. CONDOMINIUM

(If your property is a condominium unit, you must also comply with paragraph 24 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 13.)

The corporation created by the registration of a declaration under the *Condominium Act* 1998, S.O. 1998, c.19 (as amended or replaced) is called the "condominium corporation".

(a) **Compliance with the Condominium Act, etc.** You will comply with the *Condominium Act* and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses.** You will pay all amounts required by the *Condominium Act* and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make

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any payments which you are obligated to pay, we may do so on your behalf and you will be in default under the mortgage.

(c) **Notices and Demands.** You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights.**

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Condominium Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Condominium Act to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount.** At our option, the loan amount will become payable immediately if:

(i) government of the property of the condominium corporation under the Condominium Act is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of common elements;

(iii) the condominium corporation fails to comply with the Condominium Act, declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage and other perils usually insured against for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance.** Under the Condominium Act, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

(g) **Parking.** In the event that you sell, transfer, assign or convey any parking unit(s) encumbered by the mortgage while retaining title to (or ownership of) the dwelling unit so encumbered by the mortgage, or in the event that you sell, transfer, assign or convey the aforementioned parking unit(s) as well as the said dwelling unit but to different purchasers, transferees or assignees, then in either case the total outstanding principal and interest indebtedness secured by the mortgage shall become due and payable.

25. DUE ON SALE AND RELEASE

If you transfer title to your property or enter into and/or register a long form agreement of purchase and sale ("Agreement for Sale"), or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

(i) we give our written approval to you to transfer your property;

(ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place; and

(iii) you provide us with proof of registration of a Transfer/Deed of Land or Agreement for Sale to the approved person or persons together with a guarantee agreement(s) (if required by us).

26. ASSUMPTION

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

27. INSPECTION

If we, CMHC or GENW (if this is a CMHC or GENW insured mortgage), or our respective agents have reason to believe that the property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GENW or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or GENW consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC or GENW and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

28. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

29. GUARANTEE

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrower without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

30. PORTABILITY OPTION

Provided that we have not approved an assumption of this mortgage, if you dispose of your entire interest in your property and coincidentally acquire title to another property in the same province, you must request, at least 5 business days prior to the disposition, a replacement mortgage loan to be secured by a mortgage, satisfactory to us, on the acquired property. The new mortgage shall not exceed the then outstanding principal amount of the original mortgage, shall be on the same terms and conditions, including interest rate, as in the original mortgage and be for a term equal to the remaining term of the original mortgage. You must also first obtain our prior approval of the property to be acquired and satisfy all of our standard underwriting requirements. You shall pay all legal costs incurred by us in discharging the original mortgage and for preparing and registering the replacement mortgage, including a service fee.

The mortgage can be ported up to 60 days after the discharge of the original mortgage subject to written notification at least 5 business days prior to the disposition. The prepayment penalty is collected upon the discharge of the original property and will be returned to you on the closing of the acquired property.

31. READVANCE OPTION

If your property consists only of a single family residence; you are not in default of any obligations; there are no subsequent encumbrances on title to your property and you complete a new mortgage loan application which is approved by us and satisfies our requirements, you may at our discretion, increase the outstanding principal amount of the mortgage up to the original registered amount without having to register a new mortgage. You will be responsible to pay any and all costs and fees charged by us and any of our representatives . Any advance funds will be subject to the interest rate charged by us at the time of funds are advanced, for a loan with a term similar to the remaining term of current mortgage. The amount of monthly payment will be adjusted to reflect the adjusted interest rate and shall be based upon an amortization period equal to the original amortization period less the period of time then passed since the interest adjustment date.

32. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

33. DISCHARGE

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee. If electronic registration is available for your mortgage, we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

34. ADMINISTRATION FEES

You agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, a transfer of the mortgage to another party, statements for information purposes, any fees referred to in paragraph 8(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage. The amount of such fees in effect at any particular time is available by contacting us.

35. FAMILY LAW ACT

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered document were and are completely truthful and accurate under Part II of the Family Law Act, R.S.O., 1990, c.F.3 (as amended or replaced). After any change in your martial status, you will provide us with the full name and birth date of any spouse, so that we are kept fully informed of the names and addresses of the owner or owners of the property and of any spouse who is not an owner but who has a right to possess the property.

36. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

37. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document,

38. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Ontario New Home Warranties Plan Act, R.S.O., 1990, c.O.31 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

39. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

40. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceable of all other provisions will not be affected.

41. PARAGRAPH HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

42. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the National Housing Act.

43. SECURITIZATION

We may, at our option, sell, assign or encumber your mortgage to one or more third party(ies) without notice to you, any guarantor or any spouse signing your mortgage and without requiring any consent. If we do so, you agree that your mortgage shall continue to secure all amounts owing under your mortgage. Once sold or assigned, your mortgage may be repurchased by us, whether or not it is in default. You and each guarantor and spouse executing the mortgage hereby authorize and consent to us or any other person having an interest in the mortgage from time to time and their or our respective agents and advisors including any party retained to service the mortgage, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any guarantor and your spouse, the mortgage loan and your property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with your mortgage from time to time.

44. ACKNOWLEDGEMENT

You acknowledge receipt of a true copy of these standard charge terms. However, failure to obtain such acknowledgement does not affect the applicability of these standard charge terms.

DATED at Toronto, the 23rd day of
January, 2008.

myNext Funding Corporation

by its solicitors
Cassels Brock & Blackwell LLP

Per:
Lanning J. Abramson

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200802 Coto

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200803 Cote
Filing Date Feb. 15th 2008 Date de Dépôt
Page 1 of/de 16 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

第一銀行
First Commercial Bank

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS
COLLATERAL MORTGAGE

FILING DATE: February _____, 2008

FILED BY: FIRST COMMERCIAL BANK

DOCUMENT FILING NUMBER: _________

The following Set of Standard Charge Terms shall be deemed to be included in every charge in which the set is referred to by its filing number including without limitation, electronic documents submitted for registration under Part III of the *Land Registration Reform Act*, as provided in section 9 of the *Land Registration Reform Act* (Ontario).

1. Defined Terms

1.01 **General.** Unless the context otherwise requires, the terms defined in section 8.01 will have those defined meanings herein.

2. Mortgage; Assignment of Rents

2.01 **Mortgage.** For valuable consideration (the receipt and sufficiency of which is hereby acknowledged) as security for the Secured Obligations, the Mortgagor grants and charges to the Bank the Mortgaged Property and, subject to section 2.03, releases all claims of the Mortgagor to the Mortgaged Property.

2.02 **Assignment of Rents and Lease Benefits.** As further security for the Secured Obligations, the Mortgagor assigns to the Bank the Assigned Rents and the benefit of all rights and agreements contained in or arising in connection with the Leases; provided that the Mortgagor will be permitted to collect and receive the Assigned Rents as and when they become due according to the terms of each of the Leases until there is an Event of Default and the Bank exercises any of its rights and remedies upon an Event of Default, in which case the Bank may give notice to any tenants, sub-tenants, users, occupiers, licensees or guarantors advising of such Event of Default, and the Mortgagor hereby irrevocably directs each such tenant, sub-tenant, user, occupier, licensee and guarantor to pay all Rents due after receipt of such a notice to the Bank, or as the Bank may direct, upon being furnished with such a notice and a copy of this Mortgage, without any further direction or authority being required by such tenant, sub-tenant, user, occupier, licensee or guarantor.

2.03 **Discharge.** Following full payment, observance, performance and satisfaction of the Secured Obligations (or the provision of alternate security for the Secured Obligations to the satisfaction of the Bank in its absolute discretion), the Mortgagor will be entitled to a discharge of this Mortgage if the Mortgagor gives and the Bank receives, prior to any other Secured Obligations arising, a written request for a discharge of this Mortgage. No discharge will be effective unless it is in writing and is executed by the Bank. Following registration of a discharge of this Mortgage with respect to all or some of Mortgaged Property, the Assigned Rents relating to such Mortgaged Property only and the benefit of all rights and agreements contained in or arising in connection with the Leases relating to such Mortgaged Property only will be deemed to have been reassigned to the Mortgagor.

3. Secured Obligations

3.01 **General.** This Mortgage secures payment, observance, performance and satisfaction of all present and future debts, liabilities and obligations of the Mortgagor to the Bank (including all future advances and re-advances), whether direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wherever and however incurred, of whatsoever nature or kind, whether or not provided for herein, and whether owed as principal, guarantor, indemnitor or otherwise, up to the aggregate of the following:

(a) The Principal Amount,

(b) any unpaid interest on such debts, liabilities and obligations from time to time at the applicable rates; and

(c) all present and future debts, liabilities and obligations of the Mortgagor hereunder;

(all of the foregoing, subject to the limitation set out above, will collectively be referred to as the "Secured Obligations").

3.02 **Continuing Security.** This Mortgage is general and continuing security for the Secured Obligations and any ultimate unpaid balance thereof, including a current or running account, and the Secured Obligations may be reduced to zero from time to time without affecting the continuing nature of this Mortgage as security for Secured Obligations thereafter incurred. No payment, observance, performance or satisfaction of the Secured Obligations, nor any ceasing by the Mortgagor to be indebted or liable to the Bank, will be deemed to be a redemption or discharge of this Mortgage.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200803 Cote

4. Representations and Covenants

4.01 **General.** The Mortgagor represents and warrants to the Bank that each statement made in this Mortgage is true, complete and accurate. No investigation by the Bank will diminish its right to rely on such statements, all of which will survive until the Bank has discharged this Mortgage. The Mortgagor will strictly observe and perform each of its agreements set out herein except to the extent the Bank may from time to time in its absolute discretion, by prior written notice, consent or agree otherwise or waive such compliance.

4.02 **Authority to Charge.** The Mortgagor has good right, full power and lawful authority to enter into this Mortgage, to create the Charges provided for herein and to convey all of the Mortgaged Property to the Bank, and all necessary resolutions have been passed and all other necessary steps have been taken to authorize the execution and delivery of this Mortgage and to make the Charges provided for herein effective.

4.03 **Promise to Pay.** The Mortgagor will pay, observe, perform and satisfy all of the Secured Obligations as and when the same are required to be paid, observed, performed and satisfied.

4.04 **Title and Adverse Claims.** The Mortgagor legally and beneficially owns and possesses and has good title in fee simple to all of the Mortgaged Property. The Mortgagor will defend the Mortgaged Property for the benefit of the Bank against the claims and demands of all Persons. The Mortgagor will immediately notify the Bank of any claim, litigation or contemplated expropriation affecting the Mortgagor or any Mortgaged Property.

4.05 **Compliance with By-Laws.** The Mortgaged Property complies with all applicable building and zoning by-laws and with all restrictions registered against the Mortgaged Property in the land title office.

4.06 **Charges.** All of the Mortgaged Property is free and clear of all Charges other than Permitted Charges. The Mortgagor will not create, assume or permit the existence of any Charge affecting any Mortgaged Property except the Mortgagor may create and permit (but the Bank does not grant priority to) Permitted Charges. Without limiting the above prohibition the Mortgagor will, upon written request by the Bank, immediately pay all obligations, whether or not due, under all Charges prohibited hereby and will cause the same to be discharged immediately. With respect to Permitted Charges, the Mortgagor will pay all moneys payable thereunder when due and will promptly observe and perform all of its other obligations thereunder.

4.07 **Dispositions.** The Mortgagor will not sell, lease, assign, release, surrender or otherwise dispose of or part with possession of any Mortgaged Property or agree to do so, and will not further encumber, charge or mortgage the Mortgaged Property without the prior written consent of the Bank which may be unreasonably withheld.

4.08 **Assigned Rents and Leases.** With respect to the Assigned Rents and the Leases:

(a) the Mortgagor has not done or omitted to do, any act having the effect of terminating, cancelling or accepting surrender of any of the Leases or of waiving, releasing, reducing or abating any rights or remedies of the Mortgagor or any obligations of any other party thereunder or in connection therewith, and none of such rights, remedies or obligations are or will be affected by any other agreement, document or understanding or by any reduction, abatement, defence, set-off or counterclaim;

(b) none of the Leases or the Mortgagor's rights thereunder, including the right to receive the Assigned Rents, has been or will be amended, assigned, encumbered, discounted or anticipated;

(c) none of the Assigned Rents has been or will be paid more than one month prior to the due date for payment thereof, and any Rents paid more than one month prior to the due date for payment thereof (without the Bank's prior written consent) will be received in trust for the Bank and immediately forwarded to the Bank for application towards the Secured Obligations;

(d) there is no existing default in payment of any of the Assigned Rents, and the Mortgagor will give the Bank prompt written notice of any such default;

(e) there is no outstanding dispute under any of the Leases, and the Mortgagor will give the Bank prompt written notice of any such dispute;

(f) the Mortgagor will observe and perform all of its obligations under each of the Leases; and

(g) the Mortgagor has delivered to the Bank a true copy of each of the Leases in existence on the date hereof.

4.09 **Taxes.** The Mortgagor will pay when due all Taxes, provided that the Mortgagor may refrain from paying such Taxes if and for so long as the Mortgagor diligently and in good faith contests the same and gives to the Bank such security as the Bank may in its absolute discretion require.

4.10 **Insurance.** With respect to insurance:

(a) the Mortgagor will keep all of the Mortgaged Property that is of an insurable nature insured for full replacement value against loss or damage by fire (with extended perils coverage), other risks as are customarily insured against for similar property, and such other risks as the Bank may require (including "builder's all risk" construction, loss of rental income, and business interruption insurance), and if a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker, or air conditioning or sprinkler system is at any time operated on the Mortgaged Property then also against loss or damage by explosion of or otherwise caused by any such apparatus or system;

(b) all such insurance will be with insurers acceptable to the Bank, will provide that the coverage provided can not be cancelled or amended except on 30 days' written notice to the Bank, and will contain a standard mortgage clause in favour of the Bank as its interest may appear in a form approved by the Insurance Bureau of Canada;

(c) the Mortgagor assigns to the Bank the proceeds of all insurance required hereby and upon request will do everything necessary to enable the Bank to obtain the insurance proceeds, and if any such proceeds are or become payable the Bank may apply the same on account of the Secured Obligations, whether or not then due, and the Mortgagor waives any statutory right to request or require the insurance proceeds to be applied in any particular manner;

(d) the Mortgagor will maintain public liability insurance in amounts and with insurers acceptable to the Bank and, if the Bank requests, with the Bank as an additional insured;

(e) the Mortgagor will pay when due all premiums in connection with all insurance required hereby, and will provide to the Bank insurance certificates evidencing all such insurance and certified copies of the applicable policies, and will provide the Bank with evidence of renewal or replacement insurance at least 10 days before any policy expires or is terminated; and

(f) if any insurance obtained is unacceptable to the Bank, the Bank may require the Mortgagor to obtain new insurance approved by the Bank.

4.11 **Maintenance, Damage and Use.** The Mortgagor will keep all of the Mortgaged Property in good condition and repair, and will make all repairs reasonably requested by the Bank. The Mortgagor will not demolish or remove any Mortgaged Property or commit or permit any act of waste with respect thereto or do or permit anything which has the effect of reducing the value thereof (in the Bank's sole opinion). The Mortgagor will give the Bank immediate written notice of any destruction of or damage to any Mortgaged Property. The Mortgagor will not permit a change in use of any Mortgaged Property or permit any Mortgaged Property to remain unoccupied or unused for 30 days or to be abandoned. The Mortgagor will not permit any Mortgaged Property to be used in violation of any present or future insurance policy. The Mortgagor will comply with all present and future laws, by-laws, rules, regulations, ordinances, orders and directions of any governmental, municipal or civic authority or agency with respect to the Mortgaged Property.

4.12 **Construction and Renovations.** The Mortgagor will not permit any construction or renovation with respect to any Mortgaged Property except in accordance with plans and specifications approved in advance by the Bank in writing, all applicable governmental requirements and generally accepted standards of construction in the locality of the Mortgaged Property. The Mortgagor will cause all such construction and renovations to be completed as quickly as possible (and without limitation will not permit 10 days to pass without work towards the completion thereof). The Mortgagor will establish, maintain, fund and operate a holdback account or accounts in the manner required under the *Construction Lien Act* , and will from time to time on request provide satisfactory evidence thereof to the Bank.

4.13 **Environmental Laws.** All of the Mortgaged Property and the operations thereon are and will be kept in compliance with all Environmental Laws. No contaminated site designation, remediation order or other enforcement action in respect of any Environmental Laws is pending or contemplated, nor has in the past been made or taken, in respect of any Mortgaged Property or any operations thereon. No Hazardous Materials have at any time been transported to or from any Mortgaged Property, or used, generated, manufactured or disposed of on, under or about any Mortgaged Property, or leaked, spilled, discharged, emitted or released therefrom or from any nearby property; and the Mortgagor will not permit any such activity with respect to the Mortgaged Property except in compliance with all Environmental Laws. Upon request from time to time the Mortgagor will promptly submit to the Bank a comprehensive report regarding the foregoing matters prepared by a consultant approved by the Bank. The Mortgagor has provided the Bank with copies of all communications from or to all levels of government and other authorized agencies relating to any Environmental Laws and all communications from or to any Person relating to any Environmental Claim in connection with any Mortgaged Property or any operations thereon, and upon receipt or sending of any such communications in the future will immediately provide copies of the same to the Bank.

4.14 **Environmental Indemnity.** The Mortgagor will protect, indemnify and hold harmless the Bank, and any Receiver, and all direct and indirect successors and assigns of the Bank or the Bank's interest in any Mortgaged Property, and all directors, officers, employees and agents thereof, from and against all actual, potential or future claims, liabilities, losses, fines, penalties, judgments, awards and expenses (including legal costs, investigation costs, the costs of removal, treatment, storage and disposal of any Hazardous Materials, and other costs of remediation) which relate in any way, directly or indirectly, to the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release of any Hazardous Materials in, on, under or about the Mortgaged Property or any operations thereon, or the escape, seepage, leakage, spillage, discharge, emission or release of any Hazardous Materials therefrom or from any nearby property into, on or under any land, the atmosphere or any watercourse, body of water, or wetland. The Mortgagor will pay to the indemnified parties on demand all amounts payable under this section as determined by the indemnified parties from time to time. The Mortgagor's liability to the indemnified parties will arise upon the earlier of the discovery of any Hazardous Materials, and the institution of any Environmental Claims, and will not be dependent upon the realization of any loss or damage or the determination of any liability. This indemnity and the Mortgagor's liability hereunder will survive after this Mortgage and the Charges created hereby have been discharged, but only insofar as such liability is in connection with Hazardous Materials that were in, on, under or about the Mortgaged Property, or that escaped, seeped or leaked or were discharged, emitted or released therefrom or from a nearby property, or that were used in connection with operations on the Mortgaged Property, prior to this Mortgage being discharged.

4.15 **Condominiums.** If the Mortgaged Property or any part thereof are or becomes one or more Units in a condominium, the following provisions apply:

(a) The Mortgagor shall at all times and from time to time observe and perform all duties and obligations imposed on the Mortgagor by the *Condominium Act* and by the Declaration, and any bylaws, rules and regulations, as amended from time to time, of the Condominium Corporation. Any breach of such duties and obligations shall constitute default under this Mortgage, entitling the Bank to demand repayment of all monies secured by this Mortgage with accrued interest thereon;

(b) Without limiting the generality of the foregoing, the Mortgagor shall pay when due any contribution to common expenses required of the Mortgagor as an owner of the Mortgaged Property and assessments and any other amounts levied by the Condominium Corporation in respect of the Mortgaged Property. In the event of the Mortgagor failing to do so, the Bank, at its option, may make any and all such payments on behalf of the Mortgagor, and any monies so paid shall be payable immediately, shall be added to the monies secured by this Mortgage, bear interest at the Interest Rate and form a charge on the Mortgaged Property;

(c) The Mortgagor hereby irrevocably assigns to the Bank all of the Mortgagor's rights under the *Condominium Act*, the Declaration and any bylaws, rules and regulations, as amended from time to time, of the Condominium Corporation;

(d) The Mortgagor irrevocably authorizes and empowers the Bank to exercise the right of the Mortgagor as an owner of the Mortgaged Property to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

  (i) The Bank may at any time or from time to time give notice in writing to the Mortgagor and the Condominium Corporation that the Bank does not intend to exercise the right to vote or consent and in that event until the Bank revokes the notice, the Mortgagor may exercise the right to vote or consent. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

  (ii) The Bank shall not by virtue of the assignment to the Bank of the right to vote or consent, be under any obligation to vote or consent, or to protect the interests of the Mortgagor.

(e) At the Bank's request, the Mortgagor shall deliver to the Bank such proxies or other instruments as may be considered requisite by the Bank to confer such power of voting upon the Bank;

(f) The Mortgagor hereby irrevocably authorizes the Bank as the authorized agent of the Mortgagor at any time, and from time to time, to apply to the Condominium Corporation for copies of bylaws, financial statements, notices, minutes, information relating to levies and assessments and any other information or certificates available under the *Condominium Act* related to the Mortgaged Property;

(g) The Mortgagor covenants and agrees to advise the Condominium Corporation to send all notices which would be sent to the Mortgagor by the Condominium Corporation to the Bank and to notify the Bank of any breaches by the Condominium Corporation that come to the attention of the Mortgagor in order that the Bank is kept fully informed;

(h) No action taken by the Bank under this section 4.15 will make the Bank a mortgagee in possession.

4.16 **Information and Inspection.** The Mortgagor will from time to time immediately deliver to the Bank all information requested by the Bank relating to the Mortgaged Property and the Assigned Rents and Leases and the Mortgagor's financial or business affairs. All such information will be prepared by a qualified accountant in accordance with generally accepted accounting principles applied consistently from year to year, and if requested by the Bank will be audited at the expense of the Mortgagor. The Bank may inspect the Mortgaged Property and all books and records relating thereto wherever located, and for that purpose the Bank will have access without charge to the Mortgagor's places of business, and to all other places where any such books or records may be kept, and to all mechanical or electronic equipment and processes where any such books or records may be kept or from which any of the same may be retrieved, and the Mortgagor will render all necessary assistance. The Mortgagor authorizes any Person holding any such books or records to make the same available in a readable form to the Bank upon request by the Bank.

4.17 **Amalgamations.** The Mortgagor will not permit any corporation to wind-up into or amalgamate or enter into a similar arrangement with the Mortgagor.

4.18 **Further Assurances.** Upon the Bank's request from time to time the Mortgagor will execute and deliver such further documents (including specific assignments of the Assigned Rents and the Leases) and do such other acts as the Bank requires in order to give effect to the intent of this Mortgage or to confirm, create, register or maintain registration of the Charges provided for herein.

4.19 **Charges and Expenses.** The Mortgagor will pay on demand, whether or not any advance is made, all charges and expenses, including legal costs on a solicitor and his own client basis, which may be incurred or charged by or on behalf of the Bank or any Receiver in connection with:

(a) inspecting, appraising and investigating title to the Mortgaged Property;

(b) preparing, negotiating, interpreting, amending, registering, renewing or discharging this Mortgage or any related registration;

(c) establishing or confirming the priority of this Mortgage;

(d) exercising and enforcing rights, remedies and powers under this Mortgage or otherwise in relation to any of the Secured Obligations (including correcting any non-compliance by the Mortgagor, and inspecting, preserving, maintaining, repairing, completing, repossessing, preparing for disposition, disposing of, borrowing on the security of, and otherwise realizing on the Mortgaged Property, and collecting the Assigned Rents and other income, and managing the Mortgaged Property and any businesses conducted thereon, and taking proceedings in relation to this Mortgage or by reason of non-payment of or to procure payment of any of the Secured Obligations); and

(e) if the Mortgagor is entitled to redeem this Mortgage but instead requires the Bank to assign this Mortgage to a specified third party, assigning and conveying this Mortgage to that third party.

The Mortgagor will on demand pay interest on all such amounts at the highest rate then applicable to any of the Secured Obligations.

4.20 **Liens and Construction.**

(a) The Mortgagor shall not permit any lien to be registered against the Mortgaged Property or any part thereof under the *Construction Lien Act*, or under any other statute or law. In the event that a lien is registered against the Mortgaged Property or any part thereof, the Bank may, but shall not be obliged to, pay into court such amounts as may be required to remove such lien from title to the Mortgaged Property. Any monies so paid by the Bank, together with all costs, charges, and expenses incurred by the Bank in connection therewith, (including, without limitation, legal fees and disbursements on a full indemnification basis and in no event less than on a solicitor and client basis), shall be payable immediately by the Mortgagor, be added to the monies secured by this Mortgage, bear interest at the Interest Rate and form a charge on the Mortgaged Property;

(b) If this Mortgage relates to construction on the Mortgaged Property, the Mortgagor shall establish, maintain and operate at all relevant times a holdback account or accounts in the manner required by the *Construction Lien Act* and provide to the Bank any information relating to such holdback accounts as the Bank may from time to time request. The Mortgagor shall use any funds in the holdback account only as permitted by the *Construction Lien Act* and shall not disburse funds from the holdback accounts until the expiry of all applicable lien filing periods. The Bank may require any part of the Principal Amount to be deposited in any such holdback accounts at such times and in such amounts as the Bank in its sole discretion may determine;

(c) In no case are unadvanced portions of the Principal Amount to be considered by the Mortgagor or any other person to be a holdback under the *Construction Lien Act*. For greater certainty, the Bank will not maintain any holdback accounts;

(d) The Mortgagor and Covenantor irrevocably consent to the disclosure of information pursuant to the *Construction Lien Act* by the Bank to any person that purports to be entitled to request information under the *Construction Lien Act*.

5. Redemption Provisions

(a) The provisions relating to defeasance contained in subsection 6(2) of the *Land Registration Reform Act* shall be and are hereby expressly excluded from the terms of this Mortgage;

(b) This Mortgage, except for sections 4.13 and 4.14 shall, on request from the Mortgagor to the Bank, in writing, be void on payment to the Bank of the Secured Obligations together with any interest thereon accrued under this Mortgage and all other amounts payable by the Mortgagor under this Mortgage and paying any taxes, rates, levies, charges or assessments upon the Mortgaged Property and on the observance and performance of all covenants, provisos and conditions required to be observed or performed by the Mortgagor in respect of the Secured Obligations, whether contained in this Mortgage or otherwise;

(c) This Mortgage shall not be deemed to have been redeemed by reason only that:

  (i) advances made under it are repaid; or

  (ii) the account of the Mortgagor with the Bank ceases to be in debit. The Bank may make advances and re-advances to the Mortgagor of all or any part of the Secured Obligation in one or more sums at any future dates;

(d) Notwithstanding anything contained in this mortgage, the Bank may, at its option, and without notice to the Mortgagor, or at the Mortgagor's request, provide a discharge of this Mortgage at any time when there are no Secured Obligations owed to the Bank from the Mortgagor.

6. Deemed Covenants Excluded

(a) The covenants deemed to be included in a charge by subsection 7(1) of the *Land Registration Reform Act* shall be and are hereby excluded from the terms of this Mortgage.

7. **Prohibition Against Rental**

(a) When used in this Mortgage, "Tenant" shall have the meaning set out in Section 1 of the *Tenant Protection Act,* 1997, S.O. 1997, c. 24, as amended;

(b) The Borrower represents, warrants, covenants and agrees that no part of the Mortgaged Property is rented or occupied by a Tenant and further covenants and agrees not to rent, lease, enter into a tenancy agreement of or allow occupancy by a Tenant of the whole or any part of the Mortgaged Property (any of the above being referred to as "Renting") without first obtaining the consent in writing of the Bank which consent may be refused at the sole discretion of the Bank; further the Mortgagor covenants and agrees not to enter into any negotiations with respect to Renting without the prior consent in writing of the Bank, which consent may be refused, restricted or made conditional at the sole discretion of the Bank; if a restricted or conditional consent to Renting or negotiations relating to Renting is given, the Mortgagor covenants and agrees to abide by such restrictions or conditions;

(c) The Mortgagor represents, warrants, covenants and agrees not to permit the Mortgaged Property or any part thereof to be used in a rental pool, time-share or short term rental program without first obtaining the consent in writing of the Bank which consent may be refused at the sole discretion of the Bank;

(d) The Renting of the whole or any part of the Mortgaged Property without the prior written consent of the Bank shall be deemed to have been done with the object of discouraging the Bank from taking possession of the Mortgaged Property on default or adversely affecting the value of the Bank's interest in the Mortgaged Property within the meaning of Section 52(1) of the *Mortgages Act*;

(e) In the event that any of the covenants contained in this section shall be breached then, at the option of the Bank, all monies hereby secured with accrued interest thereon shall forthwith become due and payable;

(f) If the whole or any part of the Mortgaged Property is rented to a Tenant with or without the written consent of the Bank, at such time as the Bank is entitled to enforce its right under this Mortgage by reasons of default of the Mortgagor, the Bank may, at its discretion, pay to any Tenant a sum of money, in such amount as it considers advisable, as consideration for obtaining the co-operation of such Tenant in selling the Mortgaged Property, showing the Mortgaged Property and obtaining possession from the Tenant or for any one or more of the above. It is recognized that the payment of such amount will be a cost of realization on this security and the amount so paid shall be added to the debt hereby secured and be a charge on the Mortgaged Property and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Mortgaged Property prior to all claims thereon registered or arising subsequent to the Mortgage and shall be payable forthwith by the Mortgagor to the Bank; the Mortgagor hereby irrevocably appoints the Bank to be its true and lawful attorney and agent to enforce all the terms of any tenancy agreement entered into by the Mortgagor with respect to all or any part of the Mortgaged Property and to cancel or terminate any such tenancy agreement and in this connection to make, sign and execute any and all documents in the name of the Mortgagor which it, as Bank, may consider desirable.

8. **Family Law Act.** The Mortgagor covenants and agrees that:

(a) The Mortgagor or the owner from time to time of the Mortgaged Property will advise and keep advised the Bank as to whether the Mortgagor or the owner from time to time is a spouse as defined in the *Family Law Act,* R.S.O. 1990, c. F.3, as amended (the "*Family Law Act*"), and if so, the name of the Mortgagor's spouse, and of any change in the Mortgagor's spousal status or in the status of the Mortgaged Property as a matrimonial home within the meaning of the *Family Law Act,* and

(b) Forthwith on request the Mortgagor will furnish the Bank with such evidence in connection with any of the matters referred to in clause (a) above as the Bank may from time to time require, including, without limitation, the Mortgagor's and the Mortgagor's spouse's name, address and birth date and the Mortgagor's and the Mortgagor's spouses' authorization to the Registrar under the *Vital Statistics Act,* R.S.O. 1990, c. V.4, as amended, to provide the Bank from time to time on request all information in its possession relative to any marriage, divorce or death of the Mortgagor or the Mortgagor's spouse, and on default in providing such evidence and authorization all monies secured by this Mortgage with accrued interest thereon shall, at the option of the Bank, immediately become due and payable.

9. **Events of Default**

9.01 **General.** The occurrence of any of the following events will constitute an Event of Default:

(a) the Mortgagor or any Other Obligor fails to observe or perform any covenant, agreement, condition or obligation in favour of the Bank, whether or not herein contained, including a failure to pay any of the Secured Obligations when due;

(b) any representation, warranty or statement made by or on behalf of the Mortgagor or any Other Obligor or any officer or director thereof to the Bank, whether or not herein contained, proves to have been materially incorrect as of the date made;

(c) the Mortgagor or any Other Obligor is in default under any other document in favour of the Bank or any other material creditor or is in default under any other material Charge on any Mortgaged Property and any applicable grace period has expired;

(d) there is a direct or indirect change in effective control of the Mortgagor;

(e) the holder of any Charge on or claim against any Mortgaged Property does anything to enforce or realize on such Charge or claim, or any execution, sequestration, or other process becomes enforceable against the Mortgagor or any Other Obligor, or a distress, seizure or similar process is levied upon or exercised against any Mortgaged Property;

(f) any Mortgaged Property is destroyed or substantially damaged without being insured as required hereby, is expropriated or is designated as a contaminated site;

(g) the Mortgagor or any Other Obligor ceases or threatens to cease to carry on its business or any material part thereof, or commits or threatens to commit an act of bankruptcy;

(h) a receiver, receiver manager, trustee or similar official of any Mortgaged Property is appointed;

(i) the Mortgagor or any Other Obligor becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or a petition is filed, an order is made, a resolution is passed, or any other step is taken for the bankruptcy, liquidation, dissolution, winding-up or reorganization of the Mortgagor or any Other Obligor or for any arrangement or composition of its debts; or

(j) there is a material adverse change in the financial position or prospects of the Mortgagor or any other Obligor, in the sole opinion of the Bank.

9.02 **Due on Sale.** In the event that:

(a) The Mortgaged Property or any part thereof or any interest therein is sold, conveyed, transferred, assigned, or otherwise disposed of, or the Mortgagor enters into any agreement to effect any of the foregoing to any Person, without the Bank's prior written approval, or

(b) An approved purchaser, grantee, transferee or assignee of the title of the Mortgaged Property should fail to:

(i) Personally assume all of the obligations of the Mortgagor under this Mortgage;

(ii) Execute an assumption agreement in the form required by the Bank; and

(iii) Comply with all other conditions of approval,

then at the option of the Bank, all monies secured by this Mortgage with accrued interest thereon shall immediately become due and payable.

10. Rights, Remedies and Disclaimers

10.01 **Correct Non-Compliance.** If the Mortgagor fails to perform any of its obligations hereunder or fails upon request to give the Bank proof thereof, the Bank may (but will not be obligated to) perform any or all of such obligations or cause them to be performed without prejudice to the other rights and remedies of the Bank.

10.02 **Indulgences.** The Bank may grant extensions of time and other indulgences, take and give up security, accept compositions, make settlements, grant releases and discharges, refrain from registering or maintaining registration of Charges, and otherwise deal with the Mortgagor, debtors of the Mortgagor, sureties and other Persons and with the Mortgaged Property and other security, all as the Bank may see fit in its absolute discretion and without prejudice to the liability of the Mortgagor or the rights or remedies of the Bank.

10.03 **Allocation of Payments and Proceeds.** All payments made in respect of the Secured Obligations from time to time, and any monies realized from any security held therefor, may be applied to such parts of the Secured Obligations (whether or not then due) as the Bank may see fit or, at the option of the Bank, may be held unappropriated in a collateral account or released to the Mortgagor, and the Bank may from time to time revoke or alter such application or holding, all in the absolute discretion of the Bank and without prejudice to the liability of the Mortgagor or the rights or remedies of the Bank.

10.04 **Set-Off.** The Bank may at any time set off any amounts owed to the Mortgagor by the Bank in any capacity against any or all of the Secured Obligations, whether or not then due and whether absolute or contingent.

10.05 **Demand and Acceleration.** Regardless of whether an Event of Default has occurred the Bank may at any time demand payment of the Secured Obligations which are payable upon demand. Upon the occurrence of an Event of Default the Bank may declare any or all of the other Secured Obligations to be immediately due and payable.

10.06 **Enforcement on Default.** Upon the occurrence of an Event of Default the Charges created hereby will immediately become enforceable. To enforce the Charges created hereby the Bank may in its absolute discretion exercise any one or more of the following rights and remedies with respect to all or such of the Mortgaged Property as the Bank considers appropriate:

(a) appoint by instrument a Receiver with or without bond as the Bank may determine, and may from time to time remove such Receiver and appoint another in its place;

(b) immediately and without notice:

(i) enter upon, occupy (and remain in occupation of until the realization is complete), use, preserve, protect, maintain, repair and complete the Mortgaged Property, all with power to exclude the Mortgagor and its agents and employees;

(ii) collect the Assigned Rents and other income from the Mortgaged Property, and for such purposes may demand such payments, enforce payment thereof, give receipts therefor, and take proceedings to collect the same;

(iii) enforce the observance and performance by others of their obligations and liabilities in respect of the Mortgaged Property; and

(iv) exercise any or all of the rights and remedies of the Mortgagor in respect of the Mortgaged Property;

all in the manner and to the extent the Bank may consider reasonable, and without limitation any completion of any Mortgaged Property may be in accordance with existing plans or otherwise as the Bank may determine in its absolute discretion;

(c) distrain for arrears of any or all of the Secured Obligations, with or without notice to the Mortgagor;

(d) on fifteen (15) days default, the Bank may, after giving at least thirty-five (35) days written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act,* sell or lease the Mortgaged Property or any part or parts thereof whether by public or private sale or lease or otherwise, in such manner, at such price, and on such terms and conditions (as to deferred payment and otherwise) as the Bank may consider reasonable;

(e) the following provisions shall apply, where applicable, with respect to the sale or lease of the Mortgaged Property by the Bank:

(i) notice of sale shall be given to such persons and in such manner and form as required by law; provided that in the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, notice may be effectually given by leaving it with a grown-up person on the Mortgaged Property, if occupied, or by placing it on some portion of the Mortgaged Property, if unoccupied, or at the option of the Bank, by mailing it by registered mail addressed to the Mortgagor at the Mortgagor's last known address;

(ii) such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability;

(iii) sale of the Mortgaged Property or any part or parts thereof may be by public auction or private contract, or partly the one and partly the other, and the Bank may convey and assure the same when so sold to the purchaser or purchasers thereof as the purchaser shall direct and may, do all such assurances, acts, matters and things as may be found necessary, for the purposes aforesaid;

(iv) the proceeds of sale under this Mortgage may be applied in payment of any costs, charges and expenses incurred in taking, recovering, keeping possession of, leasing or selling the Mortgaged Property or by reason of non-payment or procuring payment of monies, secured hereby or otherwise; and the Bank may sell all or any part of the Mortgaged Property on such terms as to credit and otherwise as shall appear to it most advantageous and for such price as can reasonably be obtained therefore and may make any stipulation as to title or evidence or commencement of title or otherwise which it may deem proper;

(v) the Bank may buy in or rescind or vary any contract for the sale of the whole or any part of the Mortgaged Property and resell, without being answerable for any loss occasioned thereby;

(vi) in the case of a sale on credit or part for cash and part for credit, the Bank shall be bound to pay the Mortgagor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Bank and for any of said purposes may make and execute all agreements and assurances as it shall think fit;

(vii) any purchaser or tenant shall not be bound to enquire into the legality, propriety or regularity of any sale or lease or be affected by notice of any impropriety or irregularity, expressed or otherwise, or that any sale or lease is improper and no want of notice or publication if required hereby shall invalidate any sale or lease under this Mortgage; and that the title of a purchaser or tenant upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been unauthorized, or improperly or irregularly exercised, or that such notice had not been given in compliance with the *Mortgages Act,* or had been given improperly, and any person suffering damages by an unauthorized, improper, or irregular exercise of the power shall have his remedy, if any, against the person exercising the power in damages only;

(viii) the Bank may sell fixtures, machinery, crops and standing or fallen trees apart from the Mortgaged Property, and the purchaser as well as the Bank shall have all necessary access for securing, cutting and removal;

(ix) it is agreed between the parties to this Mortgage that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Bank in this Mortgage contained or existing at law by virtue thereof;

(x) until such sale or sales are made, the Bank shall stand possessed of the rents and profits of the Mortgaged Property if the Bank takes possession of them on default and after such sale or sales shall stand possessed of the proceeds from such sales, in trust upon payment of, firstly, all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly, all costs, charges, damages and expenses of the Bank relation to Taxes, prior charges, if any, insurance premiums, repairs, utilities and any other monies which the Bank may have paid relating to the Mortgaged Property, thirdly, all interest and costs then due in respect of this Mortgage, fourthly, the Secured Obligations, fifthly, amounts owing to subsequent encumbrancers, if any, and the residue, shall be paid to the Mortgagor or as the Mortgagor may in writing direct; and

(xi) the Bank shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default;

(f) exercise any other rights and remedies hereunder and any other rights and remedies of a mortgagee at law or in equity.

10.07 **Receiver.** A Receiver appointed pursuant hereto will be the agent of the Mortgagor and not of the Bank. To the extent permitted by law or to such lesser extent permitted by its appointment the Receiver will have all of the rights, remedies and powers of the Bank hereunder and, in addition, will have power to carry on or concur in carrying on all or any part of the business of the Mortgagor relating to the Mortgaged Property. For these purposes the Receiver may from time to time borrow money and may secure such borrowings and related interest and costs by granting mortgages and certificates on the Mortgaged Property in priority to the Charges created by this Mortgage.

10.08 **Proceeds of Disposition.** Subject to applicable law and any Charges ranking in priority to the Charges created hereby, all amounts realized from Mortgaged Property pursuant hereto will be applied as the Bank may see fit within the following constraints:

(a) firstly, in or toward payment of all charges and expenses (including legal fees and disbursements on a solicitor and his own client basis) incurred or charged by the Bank or Receiver in connection with the exercise by the Bank or Receiver of the rights, remedies and powers granted pursuant hereto or otherwise, including the Receiver's remuneration and all amounts properly payable by the Receiver; and

(b) secondly, in or toward payment to the Bank of the Secured Obligations.

10.09 **Liability of Bank and Receiver.** Neither the Bank nor any Receiver will be liable or accountable for any failure to exercise or for any delay in exercising any of its rights, remedies or powers (including collection of the Assigned Rents); nor will the Bank or any Receiver be responsible for any debts contracted by it, for damages to Persons or property, or for salaries or non-fulfilment of contracts, during any period when it manages or otherwise deals with the Mortgaged Property; nor will the Bank be responsible for any misconduct, negligence or failure to act on the part of any Receiver; nor will the Bank or any Receiver be liable for the performance of any obligations contained in or arising in connection with any of the Leases; nor will anything contained herein or any act of the Bank or any Receiver render the Bank or any Receiver a mortgagee in possession or render them liable to account as a mortgagee in possession or for any loss on realization; nor will the Bank or any Receiver be accountable for the proceeds of any disposition until the monies therefor are actually received; nor will the Bank or any Receiver be bound to do, observe, perform, or to see to the observance or performance by the Mortgagor of, any obligation of the Mortgagor.

10.10 **No Obligation to Advance.** None of the preparation, execution or registration of this Mortgage nor the making of any advance will bind the Bank to advance, continue, extend time for payment of, or accept anything which constitutes or would constitute a Secured Obligation, all of which will remain in the absolute discretion of the Bank.

10.11 **Power of Attorney.** The Mortgagor hereby irrevocably appoints the Bank or the Receiver, as the case may be, as the attorney of the Mortgagor, with full power of substitution, to execute and deliver under seal or otherwise in the name of the Mortgagor all documents, and generally to use the name of the Mortgagor and to do all things, as may be necessary or incidental to the exercise of any of the rights, remedies or powers conferred on the Bank or the Receiver, as the case may be, pursuant hereto or otherwise.

10.12 **Waiver.** The Bank may from time to time waive in whole or in part any right, remedy, breach or default under any provision of this Mortgage, but any such waiver on any particular occasion will not be deemed to be a waiver of any such right, remedy, breach or default thereafter or of any other right, remedy, breach or default. No waiver will be effective unless in writing and executed by the Bank and, without limitation, no failure to exercise or delay in exercising any right or remedy of the Bank will operate as a waiver of such right or remedy.

10.13 **Additional Security.** The Charges created hereby are in addition to and not in substitution for any other Charges now or hereafter held by the Bank.

10.14 **Rights Cumulative.** No right, remedy or power of the Bank or any Receiver is intended to be exclusive, and each will be in addition to every other right, remedy and power now or hereafter existing whether or not contained herein.

10.15 **Order of Realization.** The Bank and any Receiver may realize upon the Charges created hereby and any other present or future Charges in such order as it may consider appropriate, and any such realization will not prevent realization on any other Charges.

10.16 **Non-Merger.** The taking of a judgment or judgments on any covenants contained in this Mortgage shall not operate as a merger of such covenants or affect the right of the Bank to interest at the Interest Rate; and any such judgment shall provide the interest thereon, shall be computed at the Interest Rate and in the same manner as provided in this Mortgage until such judgment has been fully paid and satisfied.

10.17 **Obligation Survive Sale.** No sale or other dealing by the Mortgagor with the Mortgaged Property or any part thereof, shall in any way change the liability of the Mortgagor, the Covenantor or any other person liable for the payment of the monies secured by this Mortgage or in any way alter the rights of the Bank as against the Mortgagor, the Covenantor, or any other person liable for the payment of the monies secured by this Mortgage.

10.18 **Ontario New Home Warranties Plan Act.** If the Bank incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c.0.31, as amended (the "ONHWPA"), including without limitation, any cost or expense relating to registration as a vendor under the ONHWPA or enrolling the Mortgaged Property or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be payable immediately by the Mortgagor, be added to the monies secured by this Mortgage, bear interest at the Interest Rate and form a charge on the Mortgaged Property.

11. Other Agreements

11.01 **Subdivision.** Every part into which the Mortgaged Property is now or may hereafter be divided will stand charged with the whole of the Secured Obligations, and no Person will have any right to require the Secured Obligations to be apportioned.

11.02 **Amalgamation.** Without limiting the prohibition contained herein against the Mortgagor amalgamating without the Bank's consent, if the Mortgagor amalgamates with any other corporations the "Secured Obligations" will include all Secured Obligations of the amalgamated corporation.

11.03 **Secured Obligations Absolute.** The obligation of the Mortgagor to pay, observe, perform and satisfy the Secured Obligations is absolute and unconditional and will not be affected by any circumstance, including any set-off, claim, counterclaim, defence or other right which the Mortgagor now or hereafter has against the Bank or anyone else for any reason whatsoever.

11.04 **Amendment.** This Mortgage may only be amended by a document executed by the party against whom enforcement of the amendment is sought.

11.05 **Communication.** No notice, consent or other communication in connection herewith (including legal process) will be effective unless it is in writing and is executed by the party giving the same or the party's authorized agent. Any such communication may be validly given by delivery, mail or fax to the address for the intended party set out in the Mortgage or a corresponding fax number, or such other address or fax number as the intended party may have given notice of. Any such communication given by mail will be deemed to have been given on the earlier of the date of actual receipt or, except when postal services are not functioning, the expiry of five days after the date of mailing.

11.06 **Assignment.** The Mortgagor will not assign this Mortgage or any of its rights or benefits hereunder.

11.07 **Spouse's Consent.** The spouse of the Mortgagor named in the Mortgage consents to the transaction evidenced by this Mortgage and releases all interest in the Mortgaged Property to the extent necessary to give effect to the rights of the Bank under this Mortgage, and agrees that the Bank may, without further notice, deal with the Mortgaged Property and the mortgage created by this Mortgage as the Bank may see fit.

11.08 **Renewal, Conversion and Modification.**

(a) Notwithstanding the terms and conditions contained in this Mortgage, this Mortgage may be subject to collateral agreements between the Bank and the Mortgagor with respect to the frequency of payments both before and after default and the fluctuation of the Interest Rate. In addition, the Mortgage may be amended, renewed or extended as the Bank and the Mortgagor may agree from time to time. Such amendments, renewals or extensions may result in an increase in the Interest Rate beyond the rate per annum set out in this Mortgage. Such amendments, renewals or extensions may, but need not be, registered against the Mortgaged Property and whether or not so registered, this Mortgage, as so modified, shall rank in priority to any and all interests registered against the Mortgaged Property subsequent to the registration of this Mortgage as if and to the extent that such modification has been executed and registered, and all monies thereunder advanced, before the execution and registration of any subsequent interests. For the purpose of Section 72(1) of the *Land Titles Act*, R.S.O. 1990, c.L.5, this section herein shall be notice of the Mortgage and the contents hereof to every person dealing with the title to the Mortgaged Property;

(b) If a renewal agreement in respect of this Mortgage is sent by the Bank to the Mortgagor but the Mortgagor does not sign and return it to the Bank as required, this Mortgage, at the Bank's option, will renew on the terms provided in such renewal agreement. Any changes to the interest rate, amortization period, term, payment instalments, payment dates or any other terms shall not reduce or lessen the rights of the Bank against the Mortgagor, Covenantor or any other persons liable for the payment of the Secured Obligations notwithstanding that such person may not have signed or be a party to such agreement. The Mortgagor, Covenantor or any other persons liable for the payment of the Indebtedness agree to be bound by any such agreement, whether oral or in writing, to amend, renew or extend the Charge;

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(c) Nothing contained in this section herein shall confer any right or extension upon the Mortgagor.

11.09 ***Short Form of Mortgages Act.*** If any of the forms of words contained herein are also contained in Column One of Schedule "B" of the *Short Form of Mortgages Act* (Ontario) and distinguished by a number therein, this Mortgage shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule "B" of the said Act distinguished by the same number, and this Mortgage shall be interpreted as if such Act was still in full force and effect.

11.10 **Interest Rate based on Prime Rate.**

(a) If the Interest Rate is based on the Prime Rate, the rate of interest chargeable on the Secured Obligations under this Mortgage is a rate equal to the Prime Rate per annum as the same will vary from time to time, plus the number of percentage points per annum, if any, indicated in this Mortgage payable on demand and calculated and compounded monthly, not in advance, both before and after default, maturity and judgment until payment in full.

(b) The Interest Rate will vary automatically, without notice to the Mortgagor, each time there is a change in the Prime Rate. The interest rate will always be the Prime Rate as adjusted by the number of percentage points per annum, if any, indicated in this mortgage, payable monthly and calculated monthly, not in advance, as well after as before maturity of this mortgage and both before and after default and judgment until payment in full;

(c) In the event that it may be necessary at any time for the Bank to prove the Prime Rate applicable as at any time or times, the certificate in writing of an authorized employee of the Bank setting forth the Prime Rate as at any time or times shall be deemed to be a *prima facia* evidence as to the Prime Rate at such time;

(d) The Interest Rate calculated monthly, not in advance, is equivalent to the rate of interest calculated half-yearly, not in advance shown in the equivalent rate table found in Section 12 of this set of Standard Charge Terms. The Mortgagor may determine the equivalent rate by locating the interest rate in the column entitled "Interest Rate Calculated Monthly, Not In Advance" and comparing that rate of interest to the rate of interest indicated in the column immediately adjacent to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly, Not In Advance";

(e) If the Interest Rate would, except for this Section, exceed the maximum rate permitted under the laws of Ontario or the laws of Canada, having effect in Ontario, then the Interest Rate shall be such maximum rate;

12. Half Yearly Equivalent Interest Rate. The table immediately below sets out the Interest Rates calculated half-yearly, not in advance, which are equivalent to Interest Rates calculated monthly, not in advance. The purpose of this equivalent rate table is for disclosure under the *Interest Act* (Canada) and does not effect the calculation of interest under this Mortgage. The Mortgaor may determine the equivalent rate by locating the Interest Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

EQUIVALENT RATE TABLE

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
2.000	2.00835	10.000	10.21066	18.000	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49766
2.875	2.89228	10.875	11.12438	18.825	19.63297
3.000	3.01881	11.000	11.25519	19.000	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068

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Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	12.000	12.30403	20.000	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	13.000	13.35721	21.000	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	14.000	14.41474	22.000	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	15.000	15.47664	23.000	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	16.000	16.54291	24.000	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028
9.000	9.17045	17.000	17.61358	25.000	26.33882
9.125	9.30024	17.125	17.74772	25.125	26.47743
9.250	9.43010	17.250	17.88193	25.250	26.61611
9.375	9.56002	17.375	18.01621	25.375	26.75486
9.500	9.69002	17.500	18.15056	25.500	26.89369
9.625	9.82008	17.625	18.28498	25.625	27.03258
9.750	9.95021	17.750	18.41947	25.750	27.17154
9.875	10.08040	17.875	18.55403	25.875	27.31058

13. Interpretation

13.01 **Definitions.** Unless the context otherwise requires, the following terms will have the following meanings herein:

(a) **"Assigned Rents"** means all rents and other monies now or hereafter owing under or in respect of any of the Leases;

(b) **"Bank"** means First Commercial Bank, and includes any successors or assigns of the Bank, whether immediate or derivative;

(c) **"Charge"** means any mortgage, charge (fixed or floating), pledge, lien (statutory or otherwise), assignment, lease, trust, security interest, title retention agreement, trust, or other encumbrance of any nature however arising;

(d) **"*Condominium Act*"** means the *Condominium Act*, S.O. 1998, c. 19, as amended or replaced from time to time;

(e) **"Condominium Corporation"** means the corporation created pursuant to the *Condominium Act* and governing the administration of the building of which the Mortgaged Property forms part;

(f) **"*Construction Lien Act*"** means the *Construction Lien Act*, R.S.O. 1990, c. C30, as amended or replaced from time to time;

(g) **"Covenantor"** means any person who is named in this Mortgage as a covenantor or guarantor or who, as a covenantor/guarantor, has otherwise covenanted in writing to pay the secured obligations together with any interest thereon;

(h) **"Credit Agreement"** means the facility letter(s) or other credit agreement(s), if any, in effect from time to time between the Bank and the Mortgagor, as amended, and replaced from time to time;

(i) **"Environmental Claims"** means enforcement or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws, together with claims made or threatened by any third party against the Mortgagor or in respect of any Mortgaged Property relating to the environment, health, safety or any Hazardous Materials;

(j) **"Environmental Laws"** means laws, bylaws, rules, ordinances, regulations, notices, approvals, orders, licences, permits, standards, guidelines and policies from time to time of any level of government or other authorized agency relating to the environment, health, safety or any Hazardous Materials;

(k) **"Event of Default"** means any event referred to in section 9.01 as constituting an Event of Default;

(l) **"Hazardous Materials"** means explosives, radioactive materials, asbestos, urea formaldehyde, compounds known as chlorobiphenyls, contaminants, pollutants, corrosive substances, toxic substances, and other wastes or substances the storage, manufacture, disposal, treatment, generation, use, transport, remediation or release of which into the environment is likely to immediately or in the future cause harm or degradation to the environment or the Mortgagor's operations or premises or is prohibited, controlled or licensed under any Environmental Laws, including special waste, toxic waste and deleterious substances.

(m) **"including"** means including without limitation;

(n) **"Interest Rate"** means the rate of interest indicated in the Charge. If the Interest Rate includes a reference to the Prime Rate, then it shall be calculated as set out in Sections 11.10 and 12 of this set of Standard Charge Terms. If the Interest Rate includes a reference to the Prime Rate, it will vary as at the date of any change in the Prime Rate.

(o) **"*Land Registration Reform Act*"** means the *Land Registration Reform Act*, R.S.O. 1990, c. L4 as amended or replaced from time to time;

(p) **"Leases"** means the following:

  (i) all existing and future leases or subleases of and agreements to lease or sublease any Mortgaged Property;

  (ii) all existing and future tenancies, sub-tenancies, agreements as to use or occupation, and licences in respect of any Mortgaged Property, whether or not pursuant to any written lease, sublease, agreement or license;

  (iii) all existing and future guarantees of any or all of the obligations of any existing or future tenant, sub-tenant, user, occupier or licensee of any Mortgaged Property; and

  (iv) all existing and future agreements to assume the obligations of any existing or future tenant, sub-tenant, user, occupier or licensee of any Mortgaged Property;

(q) **"this Mortgage"** means the Charge/Mortgage of Land Form 2 under the *Land Registration Reform Act* or the Charge/Mortgage in the electronic format, as provided by Part III of the *Land Registration Reform Act* and includes all schedules and addenda to such document and any renewals, extensions and amendments and includes these Standard Charge Terms *and* the expressions **"hereby"**, **"herein"**, **"hereof"**, **"hereto"** and **"hereunder"** refer to the whole of this Mortgage and not to any subdivision hereof;

(r) **"Mortgaged Property"** means the real property indicated in this Mortgage, and all of the Mortgagor's present and after-acquired interests therein and with respect thereto, whether freehold, leasehold or otherwise, including all present and future:

  (i) buildings, structures, improvements and fixtures;

  (ii) easements, rights of way, privileges, benefits, licences, profits and similar rights, whether connected with or appurtenant to such property or otherwise; and

  (iii) proceeds of any sale, expropriation or other disposition;

provided that any reference to "Mortgaged Property" will unless otherwise provided be deemed to refer to the Mortgaged Property as a whole or any parts thereof;

(s) ***"Mortgages Act"*** means the *Mortgages Act*, R.S.O. 1990, c. M40 as amended or replaced from time to time;

(t) **"Mortgagor"** means each Person named in the Charge as Chargor, and includes any heirs, personal representatives, successors or permitted assigns of the Mortgagor, whether immediate or derivative;

(u) **"Other Obligor"** means a Person who from time to time guarantees, assumes or otherwise becomes liable for, or who agrees to indemnify the Bank for any loss, costs or damages as a result of the Mortgagor's failure to perform, any of the Secured Obligations, and also means a Person whose debts or liabilities are from time to time guaranteed or assumed by the Mortgagor, and also means a Person who from time to time is jointly, severally, or jointly and severally liable with respect to any of the Secured Obligations;

(v) **"Permitted Charges"** means:

  (i) Charges registered against the Mortgaged Property in priority to this Mortgage which the Bank has consented to in writing;

  (ii) liens for Taxes or other statutory or public obligations which are not at the time due and delinquent;

  (iii) liens for delinquent Taxes, and liens of judgments rendered or claims filed against the Mortgagor, the validity of which is being contested in good faith and in respect of which the Mortgagor has set aside on its books reserves considered adequate by the Bank in its sole discretion;

  (iv) builders', carriers' and warehousemen's liens arising in the ordinary course of business which relate to obligations not due or delinquent and which have not been registered against the Mortgaged Property or, if due or delinquent or registered against the Mortgaged Property, the validity of which is being contested diligently and in good faith and for which, if the Bank so requires, the Mortgagor has given security to the Bank in such amount as the Bank requires;

  (v) undetermined or inchoate liens and charges incidental to current construction, maintenance or operations which have not at the time been filed pursuant to law against the Mortgagor or which relate to obligations not due or delinquent;

  (vi) security given to a public utility or governmental or other public authority which is required by such authority in connection with the operations of the Mortgagor;

  (vii) easements, rights-of-way or similar rights in the Mortgaged Property granted to or reserved by other Persons which do not, in the Bank's sole opinion, materially impair the usefulness of such Mortgaged Property for the purpose for which it is used or intended;

  (viii) title defects or irregularities which, in the Bank's sole opinion, are of a minor nature and will not materially impair the usefulness of the Mortgaged Property for the purpose for which it is used or intended; and

  (ix) reservations, limitations, provisos and conditions expressed in any original grant from the Crown;

(w) **"Person"** means any individual, proprietorship, firm or artificial body, including any corporation, government or instrumentality;

(x) **"Prime Rate"** means the floating annual rate of interest established and announced as such from time to time by the Bank as a reference rate for determining interest rates it will charge on loans denominated in Canada dollars in Canada;

(y) **"Principal Amount"** means the Principal Amount indicated in this Mortgage;

(z) **"Receiver"** means a receiver, receiver-manager or receiver and manager of the Mortgagor or any Mortgaged Property, whether appointed by the Bank or a court upon the application of the Bank;

(aa) **"Secured Obligations"** has the meaning given to it in section 3.01, as extended by sections 11.02 and 13.03;

(bb) **"Taxes"** means taxes, rates, levies, assessments and other charges of every kind (including penalties and interest thereon added by the relevant authorities) which are levied, assessed or charged in connection with:

  (i) the Mortgaged Property, the use or occupation thereof, or the utilities, local improvements and sewers in respect thereof; or

  (ii) any of the Secured Obligations, but excluding the Bank's income tax; and

(cc) **"Unit"** has the meaning given to it in the *Condominium Act*;

13.02 **Governing Law and Attornment.** This Mortgage will be governed by the laws in effect in Ontario. The Mortgagor irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Ontario with respect to all matters arising in connection with this Mortgage and the Secured Obligations.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200803 Cote

13.03 **Joint and Several.** If more than one Person executes this Mortgage as Mortgagor, all representations, warranties, covenants and agreements of the Mortgagor will be joint and several and the "Secured Obligations" will include those of any one or more such Persons.

13.04 **Successors.** This Mortgage will enure to the benefit of and be binding upon the parties and their respective heirs, personal representatives, successors and permitted assigns.

13.05 **Severability.** The invalidity or unenforceability of any provision of this Mortgage will not affect the remaining provisions or the remainder of the impugned provision.

13.06 **Conflicts with Credit Agreement.** If and to the extent any terms of this Mortgage conflict with any terms of the Credit Agreement, the Bank may elect which of such terms will prevail.

13.07 **Number and Gender.** Unless the context otherwise requires, words importing the singular will include the plural and *vice versa*, and words importing gender will include all genders.

13.08 **Headings.** Headings have been inserted for convenience of reference only and are not to affect interpretation.

13.09 **Section References.** Unless otherwise indicated, each reference herein to a particular section is a reference to that section of this Mortgage.

13.10 **Entire Agreement.** The Bank has not made any representation or agreement or undertaken any obligation in connection with the subject matter of this Mortgage other than as specifically set out herein and in any other document executed by the Bank.

14. Covenantor or Guarantor.

(a) In consideration of the Bank making advances to the Mortgagor in whole or in part of the monies secured by this Mortgage and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Covenantor does hereby covenant, promise and agree as principal debtor and not as surety to and with the Bank that the Covenantor shall pay, or cause to be paid, to the Bank the Secured Obligations together with interest thereon and shall observe and perform all of the covenants, provisos, conditions, agreements and stipulations with respect to the Secured Obligations on the part of the Mortgagor whether contained in this Mortgage or otherwise. If there is more than one Covenantor, the covenants herein contained shall be joint and several;

(b) The Bank shall not be bound to exhaust its recourse against the Mortgagor or any other party or other security it may hold before being entitled to payment from the Covenantor of the monies secured by this Mortgage;

(c) The Covenantor further covenants and agrees that without giving notice to or obtaining the consent or concurrence of the Covenantor, the Bank may:

  (i) Grant at any time, indulgences, waivers or extensions of time for payment or performance of any of the obligations under this Mortgage;

  (ii) Grant any renewals or extensions of this Mortgage, with or without a change in the Interest Rate or in any other terms or conditions of this Mortgage and whether by express agreement of the Mortgagor or otherwise (including without limitation by way of an automatic renewal or extension);

  (iii) Change the rate or rates of interest provided in this Mortgage, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such rate is calculated or determined, change from a fixed rate to a variable rate or from a variable rate to a fixed rate, or otherwise;

  (iv) Shorten or lengthen the amortization period of this Mortgage;

  (v) Otherwise amend, supplement, modify, vary or otherwise change any of the terms or conditions of this Mortgage in any manner whatever;

  (vi) Release or discharge from this Mortgage or charge constituted by this Mortgage the whole or any part of the Mortgaged Property;

  (vii) Advance or re-advance the Secured Obligations to the Mortgagor pursuant to any provision of this Mortgage or other;

  (viii) Deal with the Mortgagor or any other person liable for payment of the monies hereby secured or the Mortgaged Property or this Mortgage or any other security as the Bank sees fit including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Mortgage;

  (ix) Release or discharge one or more other Covenantors or Mortgagors in respect of the Mortgage; or

  (x) Release any subsequent legal or beneficial owner of the Mortgaged Property from any liability for the obligations under this Mortgage or refrain from requiring any such owner to assume any such liability, and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of the Covenantor hereunder, regardless of whether any such action has the effect of amending or varying this Mortgage or increasing, expanding or otherwise altering the nature, effect, term, extend or scope of the obligations thereunder. The liability of the Covenantor hereunder shall extend to and include the obligations of the Mortgagor under this Mortgage as so amended, renewed, extended or varied and this Mortgage as so increased, expanded or altered without further action on the part of the Bank or the consent or concurrence of the Covenantor; and for greater certainty and without limiting the foregoing, if any rate of interest provided in this Mortgage is increased or otherwise altered, the liability of the Covenantor hereunder shall be extended to and include the obligation of the Mortgagor to pay interest at such increased or altered rate.

15. Acknowledgment. The Mortgagor and Covenantor acknowledge receipt of a copy of this set of standard charge terms and, if applicable, any additions, amendments or deletions to this set of standard charge terms as provided in this Mortgage.

Dated the 11th day of February, 2008.

FIRST COMMERCIAL BANK

Per: Charles HSU
Name: Wen-Hsi Hsu
Title: Vice-President and General Manager

I have authority to bind the Bank.

Signature of person filing or of authorized signing officer

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200803 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 2008 04 Cote
Filing Date March 4th 2008 Date de Dépôt
Page 1 of/de 20 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

Filed by: London Civic Employees' Credit Union Limited

STANDARD CHARGE TERMS

London Civic Employees' Credit Union Limited

Land Registration Reform Act

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Land Registration Reform Act (the "Act").

The Chargor hereby covenants, represents, warrants and agrees with the Chargee as follows:

Replacement of implied terms:

1. The implied covenants deemed to be included in a charge under subsection 7(1) of the Act as amended or re-enacted are hereby expressly excluded from this Charge and replaced by the set of Standard Charge Terms.

When this charge is paid:

2. The Charge will be void upon payment of the principal money and interest secured by the Charge and all other amounts payable hereunder and the observance and performance of all covenants, provisos, conditions, agreements and obligations set out in the Charge.

Your general obligations:

3. The Chargor will pay or cause to be paid to the Chargee, the principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the covenants, provisions, conditions and obligations contained in the Charge.

Our rights regarding the advance of funds:

4. Neither the preparation, execution, nor registration of the Charge shall bind the Chargee to advance the money hereby secured, nor shall the advance of a part of the monies secured hereby bind the Chargee to advance any unadvanced portion thereof, but nevertheless, the security in the Land shall take effect forthwith upon the execution of the Charge, and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum not being advanced, the same to be charged hereby upon the Land, and shall be, without demand thereof, payable forthwith with interest at the rate provided for in the Charge, and in default the Chargee's power of sale hereby given, and all other remedies hereunder, shall be exercisable.

You warrant that you have a good title:

5. The Chargor has a good title in fee simple to the Land, subject only to any prior registered charge, the continued existence of which has been agreed to in writing by the Chargee. The Chargor has the right to execute and deliver the Charge and has not done, omitted or permitted anything to be done whereby the Land or any part of the Land is or may be charged or encumbered, except as disclosed by the records of the Land Registry Office.

If the title to the Land is a leasehold title, the Chargor covenants with the Chargee that:

(a) The Chargor has a good leasehold title to the Land;

(b) The Chargor has a right to charge and sublet the leasehold title to the Land to the Chargee in the manner herein provided and, if required, has obtained the lessor's consent to this Charge;

(c) Neither the Chargor nor any other person has heretofore made, done, committed or suffered any act to encumber the lease or any part thereof;

(d) The lease is a good, valid and subsisting lease and not been surrendered, forfeited, amended or become void or voidable and the rents and covenants reserved have been duly paid and performed by the Chargor up to the date of the Charge;

(e) During the continuance of this Charge, the Chargor will not amend, surrender or modify the lease without the written consent of the Chargee and will pay the rents reserved by the lease and perform and observe the covenants, provisos and conditions contained in the lease and on the lessee's part to be performed and observed and hereby agrees to keep the Chargee indemnified against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything relating thereto; and

(f) The Chargor will stand possessed of the Land for the last day of the term or any renewal term granted by the lease in trust for the Chargor, and will assign and dispose thereof as the Chargor may direct, but subject to the same right of redemption and other rights as are hereby given to the Chargor with respect to the Land.

We may require further documents from you:

6. The Chargor will execute such further assurances of the Land as may be requisite.

Your obligation to insure:

7. (i) The Chargor (including his heirs, executors, administrators, successors, or assigns) shall, during the continuance of the charge, at its sole cost and expense, take out and keep in full force and effect, insurance in an amount of not less than one hundred percent (100%) of the full replacement cost thereof, with coverage against, at least the perils of fire, and standard extended coverage, on each and every building on the charged premises and which may hereafter be erected thereon, both during erection and thereafter. Each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear and shall contain the standard mortgage clause approved by the Chargee. The Chargor agrees that certificates of insurance or, if required by the Chargee, certified copies of each such insurance policy, will be delivered to the Chargee as soon as practicable after the placing of the required insurance. All such policies shall contain an undertaking by the insurers to notify the Chargee in writing, not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination thereof. If the Chargor fails to take out or to keep in force any such insurance, or should any such insurance not be approved by the Chargee, and should the Chargor not rectify the situation within 21 days after written notice by the Chargee to the Chargor, the Chargee has the right, without assuming any obligation in connection therewith, to effect such insurance at the sole cost and expense of the Chargor. If the Chargee is obligated to pay any premiums or sums of money for insurance for the premises or any part thereof, the amount of such payment shall be added to the debt secured by the charge and shall bear interest at the same rate applicable to principal as set out in the charge from the time of such payments and shall be payable at the time appointed for the next ensuing paying of interest on the said debt. On the happening of any loss or damage, the Chargor shall furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance moneys and the production of the charge shall be sufficient authority for the said insurance company to pay any such loss to the Chargee. Any insurance moneys received may, at the option of the Chargee, be applied in rebuilding, reinstating, or repairing the charged premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the charged premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the charge debt or any part thereof whether due or not then due.

(ii) If the Charged Premises are part of a condominium the insurance provisions set out in paragraph (i) above will not apply and the following will apply to the Charge:

The Mortgagor (including his heirs, executors, administrators, successors or assigns) or the Condominium Corporation or both shall, and during the continuance of the mortgage, at its sole cost and expense, take out and keep in full force and effect, insurance in an amount of not less than one hundred percent (100%) of the full replacement cost thereof, with coverage against, at least the perils of fire, and standard extended coverage on each and every building on the mortgaged premises and which may hereafter be erected thereon, both during erection and thereafter. Each policy of insurance shall provide that loss, if any, shall be payable to the Mortgagee as its interest may appear and shall contain the standard mortgage clause approved by the Mortgagee. The Mortgagor and Condominium Corporation will assign transfer and deliver to the Mortgagee, certificates of insurance of, if required by the Mortgagee, certified copies of each such insurance policy, as soon as practicable after the placing of the required insurance. All such policies shall contain an undertaking by the insurers to notify the Mortgagee in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew, or termination thereof. If the Mortgagor fails to take out or to keep in force any such insurance, or should any such insurance not be approved by the Mortgagee, and should the Mortgagor not rectify the situation within 21 days after written notice by the Mortgagee to the Mortgagor, the

Mortgagee has the right, without assuming any obligation in connection therewith, to effect such insurance at the sole cost and expense of the Mortgagor. If the Mortgagee is obligated to pay any premiums or sums of money for insurance for he premises or any part thereof the amount of such payment shall be added to the debt secured by the mortgage and shall bear interest at the same rate applicable to the principal as set out in the mortgage from the time of such payments and shall be payable at the time appointed for the next ensuing paying of interest on the said debt. On the happening of any loss or damage, the Mortgagor or the Condominium Corporation or both shall comply fully with the terms of the policy, or policies, of insurance and without limiting the generality of the obligation of the Mortgagor to observe and perform all the duties and obligations imposed on him by the Condominium Act and the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Mortgagor as a member for the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

Taxes and Charges:

8. (a) The Chargor will pay as they fall due, all taxes, rates, levies, charges, assessments, utility and heating charges, municipal, local, parliamentary and otherwise, which now or at any time hereafter may be imposed, charged or levied upon the Land and any buildings thereon and will provide the Chargee with receipts confirming payment of same at such times as the Chargee may require.

We may collect taxes from you on a monthly basis:

(b) "Taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties. Notwithstanding anything contained herein, if requested to do so by the Chargee, the Chargor shall agree to make regular payments to the Chargee, at dates set by the Chargee, of any amount sufficient to pay all taxes and charges, as estimated by the Chargee, which may affect the Property during the next twelve (12) months. Such estimate of taxes may be made by the Chargee on a basis allowing the Chargee to have sufficient funds on hand to pay such taxes at least thirty (30) days prior to the date on which such taxes become due. If in any calendar year, the taxes actually charged or payable in respect of the Land exceed the estimate for that year, the Chargor agrees to pay, forthwith on demand, to the Chargee, the amount required to make up any deficiency. No monies paid to the Chargee pursuant to this clause shall be held in trust and the Chargee shall not be obligated to pay any interest upon any such monies. The Chargee shall not be required to apply such monies on account of taxes more often than yearly. If a surplus remains, the Chargee may retain it to apply to future taxes and charges or return it to the Chargor. The Chargor shall continue to make the aforesaid payments until the Chargee notifies him or her to the contrary in writing. The Chargor will immediately upon receipt, forward to the Chargee, copies of all assessment notices, tax bills or other notices relating to the imposition of taxes.

Expenses we may pay and add to the amount owing on the Charge:

9. The Chargee may, but shall not be required to, pay any taxes, rates, levies, charges, assessments, premiums of insurance, utility and heating charges in respect to the Land which may at any time fall due and be unpaid and may pay or satisfy any lien, charge or encumbrance now or hereafter existing or to arise or to be claimed upon the Land. All such payments made by the Chargee together with all costs, charges, expenses and legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of the Land and of negotiating the Charge, investigating title, and registering the Charge and any other necessary documents, and all costs, charges, expenses including legal fees (as between solicitor and client on a full indemnity basis), real estate commissions and other agent's charges incurred by the Chargee in taking, recovering, and keeping possession of the Land, in exercising the power of entering, selling and leasing, and generally, in any other proceeding taken in connection with or to realize upon the security given in this Charge, shall be immediately payable by the Chargor to the Chargee. Until they are paid by the Chargor, all such amounts shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge, and in default, all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all other powers of the Charge shall become exercisable.

We may sell your property if you default:

10. The Chargee, on default of payment for at least fifteen (15) days, may on at least thirty-five (35) days notice, enter on and lease the Land or on default of payment for a least fifteen (15) days, may on at least thirty-five (35) days notice, sell the Land. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act, as amended. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with an adult person on the Land, if occupied, or by placing it on the Land if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his or her last known address, or by publishing it once in a newspaper published in the city, county or district in which the Land is situate; and such notice shall be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person to be affected thereby may be unknown, unascertained or under disability.

In case default be made in the payment of the said principal and interest or any part thereof and such default continue for two (2) months after any payment of either falls due, then the Chargee may exercise the foregoing powers of entering, leasing or selling or any them, without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form and within such time as so required by law.

The whole or any part of the Land may be sold by public auction or private contract, or partly one or partly the other; and the proceeds of any sale hereunder may be applied in payment of any costs, charges and expenses incurred in taking, recovering, or keeping possession of the Land, or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and the Chargee may sell any of the Land on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind, or vary any contract for the sale of the whole or any part of the Land and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of the said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

We may seize your personal property if you default:

11. The Chargee may distrain for arrears of interest and may distrain for arrears of principal in the same manner as if the same were arrears of interest.

The balance will become due immediately if you default:

12. In default of the payment of interest secured by the Charge, the principal amount secured by the Charge shall, at the option of the Chargee, immediately become due and payable, and upon default of payment of installments of principal, the balance of the principal and interest secured by the Charge shall, at the option of the Chargee, immediately become due and payable. The Chargee may in writing and any time or times after default, waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

We may take possession of the property on default:

13. Upon default in payment of principal or interest under the Charge or in performance of any of the terms and conditions thereof, the Chargee may enter into and take possession of the Land free from all manner or form of conveyances, mortgages, charges or encumbrances without the let, suit, hindrance, interruption or denial of the Chargor or any other person whatsoever.

Doctrine Of Consolidation:

14. The doctrine of consolidation will apply to the Charge and any other charge you have granted or will grant to us. This means that if you default under any of your charges to us then we can, as a condition of your repaying any charge, require that you repay all charges.

Our right to extend time:

15. No extension of time given by the Chargee to the Chargor or anyone claiming under him or her, or any other dealing by the Chargee with the owner or owners of the Land or any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the money secured by the Charge.

Our right to give releases:

16. The Chargee may, at its discretion, at any time or times, release any part or parts of the Land or any other security or any surety from payment of all or any part of the monies secured hereby or may release the Chargor or any other person from any covenant or other liability to pay such monies or any part thereof, either with or without any consideration. In such event, the

Chargee shall not be accountable for the value thereof or for any monies except those actually received by the Chargee. Any such release by the Chargee shall not constitute or be deemed to be a release of any other part of the Land or any other security or any such surety or the covenants herein or therein contained. The Land and every such security, surety and covenant, not specifically released by the Chargee, shall stand charged with the whole of the monies hereby secured, notwithstanding such release, or any other act or any omission of the Chargee with respect to any security taken in respect of the monies advanced hereunder, or in respect of the Land, any such other security or any such surety.

Balance due in event of sale:

17. Provided that in the event of:

(a) The Chargor selling, conveying, transferring, or entering into any agreement for the sale or transfer of title of the Land hereby charged to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) If such a purchaser, grantee or transferee should fail to (i) apply for and receive the Chargee's written approval as aforesaid, (ii) personally assume all the obligations of the Chargor under this Charge, and (iii) execute an Assumption Agreement in the form required by the Chargee, then at the option of the Chargee all monies hereby secured with accrued interest thereon shall forthwith become due and payable.

Your obligation to maintain and repair buildings:

18. (a) The Chargor will not demolish any building on the Land or proceed with any alteration, remodelling or rebuilding of, or addition to any building or any part thereof, without the prior written approval of the Chargee.

(b) The Chargor will keep the Land and buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever it deems necessary, by its agent, enter upon and inspect the Land and make such repairs as it deems necessary, and the reasonable costs of such inspection and repairs with interest at the rate stipulated in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the Land prior to all claims thereon subsequent to the Charge. If the Chargor neglects to keep the premises in good condition and repair, or commits or permits any act of waste on the Land (as to which the Chargee shall be sole judge) or makes default as to any of the covenants, provisos, agreements or conditions contained in the Charge or in any charge to which this Charge is subject, all monies secured by the Charge shall at the option of the Chargee forthwith become due and payable, and in default of payment of same, with interest as in the case of payment before maturity, the powers of entering upon and leasing or selling hereby given and all other remedies herein contained may be exercised forthwith.

This mortgage does not affect any other security from you:

19. This Charge is in addition to and not in substitution for any other security held by the Chargee for all or any of the monies secured hereunder. The Chargee may follow its remedies thereunder, hereunder and under any security for the amount advanced under this Charge, concurrently or successively at its option.

Payments and the Application of Payments:

20. (a) Provided that if the Charge is repayable by installments of principal and interest the installments payable under the Charge are to be applied firstly to interest calculated as provided in the Charge on the principal monies from time to time outstanding and the balance of the said installments shall be applied on account of principal; except in case of default by the Chargor, the Chargee may then apply any payments received during the period of default in whatever order it may elect as between principal, taxes, interest, repairs, insurance premiums or other advances made on behalf of the Chargor.

(b) The Chargor shall maintain with the Chargee or another financial institution satisfactory to the Chargee, an account of a type which is satisfactory to the Chargee and shall authorize the Chargee to debit such account automatically by an amount equivalent to the amount of each installment of principal, interest, taxes and life insurance premium (if applicable) payable, when each such installment is due. If the account is with another financial institution, the Chargor shall cause such other financial institution to remit such amount to the Chargee when each installment is due. The Chargor shall, at the Chargee's request, execute such authorization in form and substance satisfactory to the Chargee.

Interest Compounds if you Default:

21. In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears, with interest from time to time, as well after as before maturity, shall bear interest at the rate set forth in the Charge and in case the interest and compound interest are not paid within the interest calculation period provided for in the Charge from the time of default, a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Land.

You must pay any prior mortgages:

22. If the Land or any part thereof should at any time be subject to any prior charge, agreement for sale, or encumbrance, the Chargor will pay or cause to be paid as they fall due, all payments thereunder, whether for principal, interest, taxes or otherwise, and will observe perform and comply with all covenants, provisos and agreements therein contained. If the Chargor should fail to observe or perform any covenant, proviso or agreement contained in any charge, agreement or encumbrance to which this Charge is subject, then in such event, all monies hereby secured shall, at the option of the Chargee, immediately become due and be payable. In such event, all the powers conferred upon the Chargee, in and by this Charge, including the power of sale, shall become exercisable without notice, unless the giving of notice is then required by law.

There is no UFFI in any building on the Land:

23. No building, erection, addition or improvement on the Land has been insulated with Urea Formaldehyde Foam Insulation. The Chargor will not insulate or allow any building, erection, addition or improvement on the Land to be insulated with that type of insulation. All monies secured by this Charge will, at the option of the Chargee, immediately become due and payable if it is at any time determined that any building, erection, addition or improvement subject to this Charge contains Urea Formaldehyde Foam Insulation.

You must pay administrative fees we may set:

24. The Chargor agrees to pay to the Chargee forthwith on demand the administrative charges established from time to time by the Chargee in connection with any extensions or renewals or amendments of the Charge, and any other administrative steps which the Chargee is required to take during the currency of the Charge and any renewal thereof.

Prepayment: (CLOSED CHARGE)

25. If the Charge is "closed":

A. If the Chargor is not in default at the time of prepayment, the Chargor shall have the privilege of paying an additional amount of principal, not exceeding 20% of the original Principal Amount of the Charge, at any one time during a calendar year without notice or penalty. This privilege shall not be cumulative and prepayment may be made only once during a calendar year.

B. 20% increase in payments

Once during each calendar year of the term of the Charge, the Chargor [illegible] elect, by notice in writing to the Chargee, to increase the monthly payments (for principal and interest) by up to 20% of the previous amount of those monthly payments (for principal and interest).

C. Provided that on the sale or transfer of ownership of the mortgaged lands or any part thereof or on the termination of membership of the Chargor in London Civic Employees' Credit Union Limited for any reason, all monies then owing in any of such events shall forthwith become due and payable at the option of the Chargee subject to the payment of penalty as set forth herein.

D. A partial prepayment shall not release the Chargor from his or her obligation to continue making the payments specified in the Charge.

E. If the Charge offered a cash back option and any of the terms and conditions of the original registered Charge are amended or the Charge is discharged, refinanced, ported, assumed or early renewed prior to its maturity date for any reason, the Chargor will repay the Chargee the total amount of the cash back payment received by the Chargor. This repayment obligation is separate from any prepayment penalties, fees or bonus applicable to the Charge

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and the Chargee may add the cash back amount to the principal amount owing under the Charge at the time of the amendment, discharge, refinance, port, assumption or early renewal.

F. Provided that the Chargor is not default under the terms of the Charge, the Chargor shall have the privilege of paying off the entire principal balance on the Charge herein prior to maturity, provided that the Chargor also pay to the Chargee herein, at the time of such prepayment, an amount equal to the greater of:

i) 3 months interest on the balance of the Charge then outstanding, calculated at the rate that interest is payable under the Charge pursuant to the terms in existence at that time, or;

ii) an interest differential adjustment in an amount which is calculated in accordance with the usual procedures of London Civic Employees' Credit Union Limited and is based on the difference between (a) the current rate for the first mortgage offered by the Chargee with a term equal to the remaining period during which the balance of the principal amount is payable in regular installments, and (b) the rate at which interest is then payable under the Charge herein.

(OPEN CHARGE)

If the Charge is "open":

G. Provided that the Chargor, when not in default at the time of prepayment, shall have the privilege of prepaying the whole or any part of the principal sum together with the accrued interest at any time without notice or bonus.

H. A partial prepayment shall not release the Chargor from his or her obligation to continue making the payments specified in the Charge.

26. If the charge is a CMHC insured loan under the National Housing Act, the following prepayment shall be applicable in the place and stead of any other prepayment privileges set forth in the Standard Charge Terms:

A. Provided that the Chargor when not in default hereunder shall have the privilege of paying an amount of principal, not in excess of 10% of the original amount of this charge, on the first anniversary of the Interest Adjustment Date, and a similar amount of principal on the second anniversary of the Interest Adjustment Date, upon payment, by way of bonus of three months interest on the amount of any such additional payment, it being agreed that such privilege shall not be cumulative.

B. Provided that on the third anniversary of the Interest Adjustment Date and on any monthly installment date thereafter, the Chargor, when not in default hereunder, shall have the privilege of paying the whole amount hereunder, or any part thereof, upon payment by way of bonus of three months interest on the principal amount of any such payment.

C. Provided that when any additional partial payments are made the amount thereof shall be equal to the sum of the principal portions of a number of consecutive monthly installments which would otherwise become due hereunder next following the date upon which such additional payment is made, and the payment dates of all remaining installments and the balance owing hereunder shall be accelerated so that the Chargor shall pay the aforesaid monthly installment in each and every month, commencing with the month immediately following the month in which the additional payment is made and continuing until all monies owing hereunder shall have been fully repaid.

Re-Advancement:

27. Notwithstanding the repayment of the principal amount of the Charge in whole or in part, whether of the original amount advanced under the Charge or any amount reloaned under this section, the Chargor may ask the Chargee, in writing, to advance again the amounts repaid, as if the Chargor had never repaid them, up to an amount equal to the original Principal Amount of this Charge. The written request must identify the purpose for which the advances will be used. If the Chargee at its sole discretion agrees, and upon payment of the administrative charges stipulated by the Chargee, the Charge and other securities provided in the present Charge will secure the repayment of any amounts so disbursed. All the sections of the present Charge shall continue to govern the amounts loaned and the amounts reloaned.

If the advances are to be used for construction purposes, repairs or improvements to a building, the full disbursement must be made in the three (3) months following the date of agreement by the Chargee to readvance, in default of which the Chargee may refuse to advance any further amounts but will keep all its rights and recourses for the amounts already advanced.

It shall not be necessary to register any such agreement(s) to retain priority for this Charge for all amounts secured hereby no matter when advanced over any instrument registered subsequent to this Charge.

Automatic Renewal:

28. a) Upon the expiry of the term of the Charge at a time when:
- (i) an amount remains owing under the Charge for principal; and
- (ii) the Chargor is not in default under the Charge

the Charge shall be automatically renewed on the same conditions (and for an identical term) as the most recent term of the Charge, except that the interest rate applicable to the renewed Charge shall be the lowest of the Chargee's posted rates for a Charge of that term as at:

1. the date of renewal of the Charge;
2. the first day of the month prior to the month in which the Charge is to be renewed; and
3. any date during the period between those dates

and the monthly payment for principal and interest shall be adjusted to reflect that interest rate.

b) Either the Chargee or the Chargor may give written notice to the other prior to any expiry of the term of the Charge that the party giving notice is unwilling to renew the Charge and the Charge shall then not renew as set out in clause (a).

c) Prior to the expiry of the term of the Charge, the Chargee and the Chargor may enter into an agreement in writing to vary certain provisions of the Charge. If those varied provisions do not include the length of the term of the Charge then the Charge shall be renewed pursuant to clause (a) but with the inclusion of those amended provisions.

Effect Of Any Renewal:

29. This Charge may be renewed or amended by an agreement in writing or as set out in paragraph 27 with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances at the time of such renewal or amendment. It shall not be necessary to register any such agreement to retain priority for this Charge on such altered terms over any instrument registered subsequent to this Charge. Any such agreement and any renewal as set out in paragraph 27 shall be effectual and binding on the Chargor and any such subsequent encumbrancer and shall take priority against such subsequent encumbrancer immediately upon execution by the Chargor or upon renewal pursuant to clause 27 as applicable. The Chargor shall pay all legal and administrative costs of the Chargee incurred in connection with any such agreement. The Chargor acknowledges that neither the provisions of this paragraph nor of paragraph 27 confer any right of renewal on the Chargor.

Renewal before maturity:

30. When not in default, the Chargor may request the Chargee, any time before the date at which the balance of the loan becomes due, to extend the term of the Charge and set new conditions. If the Chargee agrees, the Chargor shall pay a renewal fee and the greater of three months interest, or, in the event of an interest rate reduction, an interest rate differential penalty equal to the interest calculated on the balance of the Charge until maturity, at a rate corresponding to the difference between the rate then applicable to the Charge and the new rate.

Assumability and Portability:

31. (a) If the Land consists only of a single family residence; the Chargor is not in default; there are no subsequent encumbrances on the title to the Land; and the Chargor completes a new mortgage loan application which is approved by the Chargee and satisfies the Chargee's lending requirements, the Chargor may do one of the following:

(i) increase the outstanding Principal Amount of the Charge. For the purposes of this subsection 30(a)(i) the term Chargor shall include a purchaser, grantee, or transferee who has been approved by the Chargee to assume this Charge and has assumed all the obligations of the Chargor or signed an assumption agreement of the Chargee;

(ii) transfer the outstanding Principal Amount and Interest Rate set out in the Charge to a single family residence which has been purchased by the Chargor (the "New Lands");

(iii) transfer the outstanding Principal Amount and Interest Rate set out in the Charge to a single family residence which has been purchased by the Chargor (the “New Lands”) and increase the Principal Amount of the Charge.

(b) The Interest Rate set out in the Charge (“Current Rate”) will continue to apply to the Principal Amount outstanding as of the date of the written approval to the foregoing from the Chargee. Any increase in the Principal Amount will bear interest at the Prevailing Rate as defined in subsection 30(f) below.

(c) For the purpose of subsections 30(a)(ii) and (iii), a new charge (“New Charge”) must be registered against title to the New Lands. The New Charge will secure the outstanding balance and the increased Principal Amount at a rate which will blend the Current Rate and the Prevailing Rate (the “New Interest Rate”), for a term commencing on the date set out in the Chargee's written approval and expiring on the Balance Due Date of the Charge. The New Interest Rate will be set out in the Chargee's approval.

(d) For the purpose of subsection 30(a)(i), an amending agreement must be, at the discretion of the Chargee, registered against the title to the Land. The Charge as amended will secure the outstanding balance and the increased Principal Amount at a rate which will blend the Current Rate and the Prevailing Rate (the “New Interest Rate”), for a term commencing on the date set out in the Chargee's written approval and expiring on the Balance Due Date of the Charge. The New Interest Rate will be set out in the Chargee's written approval.

(e) The Chargor will pay all costs, charges, and expenses of and incidental to the approval, taking, preparation, execution and registration of the New Charge or if applicable, the amending agreement.

(f) The “Prevailing Rate” at the time of repayment means the rate at which the Chargee would lend to the Chargor on the security of a first charge on the Land charged, or, if applicable, on the security of a first charge on the “New Lands” for a term commencing on the date of prepayment and expiring on the Balance Due Date of the Charge.

(g) If the Charge is a CMHC insured loan under the National Housing Act, the following clause shall be applicable in the place and stead of any other clauses relating to the assumability of the Charge as set forth herein:

a. In the event of the transfer of a transfer of the Charged premises, in whole or in part, or of any interest therein to a transferee, if:
   i. The Chargor fails to apply in writing for the approval of the Chargee as to the transferee and the terms and conditions of the transfer,
   ii. The Chargee does not approve in writing the transferee,
   iii. The Chargee does not approve in writing of the terms and conditions of the transfer, or
   iv. The transferee fails to enter into an assumption agreement satisfactory to the Chargor agreeing to assume the charge and any amendments thereto, and any collateral agreements and to pay the amount there by

secured and perform every covenant, condition, and obligation obtained in the Charge and any amendments thereto, and any collateral agreements, to be performed by the Chargor thereunder (including this obligation) at the time and in the manner and in all respects as therein contained and to be bound by each and all of the terms, covenants, conditions, and obligations of the Charge and any amendments thereof, then in any such event, the outstanding principal balance of the Charge shall immediately become due, at the option of the Chargee, and payable together with all accrued interest and other monies owing thereunder.

Obligations Survive Sale:

32. Provided further that no sale or other dealing by the Chargor with the Land or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies hereby secured.

This mortgage shall not merge in any judgement:

33. The taking of a judgment or judgments on any of the covenants herein shall not operate as a merger of the covenants or affect the Chargee's right to interest at the rate and times provided for in the Charge; and further that any judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the judgment shall have been fully paid and satisfied.

Discharge:

34. The discharge of the Charge shall be prepared by the Chargee at the expense of the Chargor and the Chargee shall have a reasonable time after payment in full of the monies owing under the Charge to prepare and execute a discharge. Interest shall continue to run and accrue until actual payment in full has been received by the Chargee. All legal and administrative costs of the Chargee incurred in connection with the preparation, execution and delivery of such discharge shall be borne by the Chargor. The Chargor shall be responsible for registering the discharge and for the costs of registering it.

On the occasion of the discharge of the Charge, the required payment shall be made at the Head Office of the Chargee in the City of London, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada. All such payments required to be made by the Chargor hereunder shall be made before 3:00 o'clock in the afternoon on the date on which such payment is to be made. If any payment is made after 3:00 o'clock in the afternoon, such payment will be deemed to have been made on the next following business day.

Spouse's Consent:

35. And the spouse of the Chargor so named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee hereunder, and agrees that the

Chargee may, without further notice, deal with the Land and the debt hereby created as the Chargee may see it.

Changes in spousal or matrimonial status or in ownership of the property:

36. Immediately after any change or happening effecting any of the following, namely: (a) the spousal status of the Chargor, (b) the qualification of the Land as a matrimonial home within the meaning of Part II of the Family Law Act, and (c) the legal title or beneficial ownership of the Land, the Chargor will advise the Chargee accordingly and furnish the Chargee with particulars thereof, the intention being that the Chargee be kept fully informed of the names and addresses of the owner or owners for the time being of the Land and of any spouse who is not an owner, but who has the right to possession in the Land by virtue of Section 19 of the Family Law Act. In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) and (c) above as the Chargee may from time to time request.

Respective rights to equal possession.

37. The Chargee covenants with the Chargor that until default in payment or default in the observance of performance of any of the provisos, warranties, agreements, or obligations hereunder, the Chargor shall have quiet possession of the Land. The Chargor covenants that where the Chargee enters on and takes possession of the Land on default, the Chargee shall have quiet possession of the Land.

Provisions only for condominiums:

38. If any part of the Land secured by the Charge is a condominium unit, the Chargor will comply with the Condominium Act (in this section, referred to as "the Act") and the declaration, by-laws and rules of the Corporation, and will provide evidence of such compliance as requested by the Chargee. The Chargor will forward copies of all notices, assessments, by-laws, rules and financial statements of the Corporation and, on request, will provide copies of any other documents and information which the Chargor has received or is entitled to receive from the Corporation. The Chargor will maintain all improvements made to the condominium unit and repair them after damage.

The Chargor will insure all improvements which have been made to the unit and will insure other interests in the building which are the part of the condominium property or assets of the Corporation if the Corporation fails to insure the buildings as required by the Act and the declaration, by-laws and rules of the Corporation. These obligations are in addition to the Chargor's obligations as to insurance under the heading insurance as far as they apply to a condominium unit.

The Chargee is authorized to exercise the Chargor's rights under the Act to vote and to consent. If the Chargee does not exercise its rights, the Charger may do so, but will do so according to any instructions received from the Chargee. The Chargee may at any time revoke any arrangement made for the Chargor to vote or to consent. The Chargee is authorized to inspect the records of the Corporation. Nothing in this paragraph puts the Chargee in possession of the property.

If the Chargor does not comply with the Act and the declaration, by-laws, and rules of the Corporation, the Chargee may comply with them and charge its costs of doing so to the Chargor as an additional amount secured under the Charge. If the Chargee exercises its rights to pay common expenses, it can accept statements that appear to be issued by the Corporation as conclusive evidence of the amount of those expenses and the dates they are due. The Chargee will pay the Chargor on demand as additional amounts secured under the Charge all expenses incurred by the Chargee in relation to any by-law resolution, rule or other matter, the enforcement of the Chargee's right to have the Corporation or any other owner comply with the Condominium Act and the declaration, by-laws and rules of the Corporation and the expenses of the Chargee exercising any voting rights.

Expressions used in the provisions of the Charge dealing with a condominium unit which are the same as those in the Condominium Act have the same meaning as those in the Act, except that the expression "condominium property" has the same meaning as the word "property" in the Condominium Act.

Provisions applicable to a building mortgage:

39. If the Charge is a building charge, the full amount of the monies hereby secured will be advanced from time to time at the Chargee's discretion in accordance with the progress of construction of any building to be erected on the Land or any improvement being made to a building already erected on the Land. The Chargor will diligently carry out the completion of any building or improvements. The Chargee may require that the plans and specifications for any construction be approved in writing by the Chargee prior to the commencement of any construction.

Date of mortgage:

40. The date of the Charge unless otherwise provided shall be the earliest date of signature by a Chargor.

Titles and marginal notes have no legal effect:

41. Titles and any marginal notes contained in this Charge have been included for convenience only, and do not form a part of the Charge.

Effect of any partial invalidity:

42. If any term, covenant, agreement, condition or provision of this Charge is or becomes illegal, invalid, unenforceable or inconsistent with any applicable law, then such term or provision shall not apply and shall be construed so as not to apply to the extent that it is illegal, invalid, unenforceable or inconsistent. Provided however, that the remainder of the terms, covenants, agreements, conditions and provisions herein shall remain valid and enforceable.

Our right to release information regarding you:

43. The Chargee may disclose such information (except health information) as may reasonably be required: (i) to respond to any person claiming a construction lien on the Land; (ii) to share and exchange information with credit bureaus, other credit grantors and mortgage insurers; (iii) to allow persons wishing to purchase this Charge to assess the Charge; (iv) to purchasers of the Charge to allow them to deal with the Charge; and (v) to other persons as may be permitted or required by law.

Guarantor:

44. Each person named as a guarantor in the Charge, in consideration of the making of the loan hereby secured and the sum of ONE DOLLAR ($1.00) now paid by the Chargee to each guarantor (the receipt whereof is hereby acknowledged):

a) Guarantees to the Chargee the due repayment of all sums secured by the Charge until the Charge has been repaid in full;

b) Unconditionally guarantees full performance by the Chargor of all of the obligations of the Chargor under the provisions of the Charge at the times and in the manner provided;

c) Agrees that the Chargee shall not be obligated to proceed against the Chargor or any other person liable under the Charge or to enforce or exhaust any security before proceeding to enforce the obligations of the guarantor and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any debt or obligation of the Chargor or any other person liable hereunder;

d) Agrees that the Chargee may grant any extensions of time for payment, renew the Charge, increase or alter the rate of interest payable under the Charge, release the whole or any part of the Land or other security from the Charge or otherwise deal with the Chargor or any other person without releasing the guarantor; and

e) Agrees that where there is more than one guarantor, each guarantor agrees with the Chargee to be jointly and severally responsible under the guarantee with the other guarantors and the Chargor.

You assign any lease of your property to us:

45. The Chargor assigns to the Chargee, as further security for the repayment of all sums secured by the Charge, all rentals due or falling due under any lease of all or part of the Land.

Environmental:

49. The Chargor represents and warrants that:

(a) The Chargor has never caused or allowed any waste or pollution to be placed, stored or disposed of on, under or near the Land;

(b) To the best of the Chargor's knowledge, no prior owner, tenant, occupant, or other person had caused or allowed waste or pollution to be placed, stored or disposed of on, under or at the Land;

(c) No pollution abatement order, minister's order, or other enforcement action has been threatened or issued or is pending by any governmental agency in respect of the Land and any applicable environmental laws; and the Chargor covenants to:

(i) not cause or allow the placement, storage or disposal of any waste, pollution or other substance on, under or at the Land where to cause or allow such would contravene any applicable environmental laws;

(ii) notify the Chargee if any governmental agency commences or threatens to commence any enforcement action under any applicable environment laws or if the Chargor, a tenant or occupant of the Land, or the Land itself become the subject of any litigation commenced or pending with respect to the existence of waste or pollution on, under or at the Land or an adjoining property; and

(iii) indemnify and have harmless the Chargee, its officers, directors, agents and any receiver appointed by or on the application of the Chargee from and against and shall reimburse for any and all losses, liabilities, claims, damages and expenses suffered by them under or on account of any applicable environmental laws enforced against the Land or any order, settlement or judgement arising from the placement, storage or disposal of any waste or pollution on, under or at the Land, and the provisions of this section shall survive any foreclosure or discharge of this Charge.

Governing Law

50. This set of standard charge terms and the Charge shall be governed by the laws of Ontario.

Canada Mortgage and Housing Corporation

51. If the Charge is insured by Canada Mortgage and Housing Corporation against default:

(a) The Chargee or agent of the Chargee or agent of Canada Mortgage and Housing Corporation (hereinafter called "CMHC"), may, at any time, before and after default, and for any purpose deemed necessary by the Chargee or CMHC, enter upon the said lands to inspect the lands and buildings thereon. Without in any way limiting the generality of the foregoing, the Chargee or CMHC (or their respective agents) may enter upon the said lands to conduct any environmental testing, site assessment, investigation or study deemed necessary by the Chargee or CMHC and the reasonable cost of such testing, assessment, investigation, or study, as the case may be, with interest at the charge rate, shall be payable by the Chargor forthwith and shall be a charge upon the said lands. The exercise of any of the powers enumerated in this clause shall not deem the Chargee, CMHC, or their respective agents to be in possession, management, or control of the said lands and buildings;

(b) This mortgage is made pursuant to the National Housing Act; and

(c) The definition of the Interest Adjustment Date (IAD) as mentioned in Section 36(1) of the National Housing Loan Regulations will apply to all NHA insured loans.

Ontario New Homes Warranties Plan Act

52. If the Ontario New Home Warranties Plan Act, R.S.O., 1990, C.0.31 (as amended or replaced) applies to the Charged Premises, the Chargor agrees to comply with its requirements and to reimburse the Chargee for any costs which the Chargee incurs in complying or enforcing the rights of the Chargor on behalf of the Chargor if the Chargor fails to do so (which the Chargee may do but is not required to do).

Personal Information

53. The Chargee may collect financial or related information about the Chargor. This information includes:

- information about the Charge;
- information about the Chargor's transactions using the Chargee's products and services;
- information to identify the Chargor or qualify the Chargor for products and services; and
- information the Chargee needs for regulatory purposes.

The Chargee collects the foregoing information from a number of different sources including the Chargor's application for the Charge, references provided by the Chargor, credit reporting agencies, other financial institutions, service providers, the Chargee's records and from individuals authorized to act on the Chargor's behalf.

The Chargee may use the Chargor's personal information to open, process, maintain and collect upon the Charge. The Chargee will use and disclose the Chargor's personal information in accordance with privacy policies adopted by the Chargee, copies of which have been made available to the Chargor. These privacy policies may be amended from time to time. Further information about the Chargee's privacy policies can be obtained by the Chargor contacting any office of the Chargee.

The Chargor agrees that the Chargee may enter into this Charge on behalf of any other entity, as an agent or nominee and also that the Chargee may assign the Charge to another entity. In such cases, the entity is known as the "beneficial owner". The Chargor can do this whether or not the beneficial owner is named in this Charge. The Chargee may disclose the Chargor's personal information to the beneficial owner, its agent and any other person or entity to which the beneficial owner assigns the Charge. The Chargee may also disclose personal information about the Chargor to any service provider. A service provider is any person or entity that:

- is involved in servicing, maintaining, collecting or operating the Charge, or
- provides services or benefits to the Chargor under the Charge.

The Chargor's personal information includes all information provided by the Chargor or obtained by the Chargee in connection with this Charge and ongoing information and documentation about the Chargor and the Charge sufficient for the beneficial owner, agent, assignee or service provider to administer the Charge and exercise their rights thereunder.

Interpretation of certain words:

54. In construing this Charge, the use of words in the singular or plural, or with a particular gender, including the words "Chargor" and "Chargee", shall not limit the scope or exclude the application of any provision of this Charge to such person or persons or circumstances as the context otherwise permits; and all right, advantages, privileges, immunities, powers and things hereby secured to the "Chargor or Chargors", "Chargee or Chargees", shall be equally secured to and exercisable by his, her, its, or their heirs, executors, administrators and assigns, or successors and assigns as the case may be. All covenants, liabilities and obligations entered into or imposed hereunder upon the "Chargor or Chargors", "Chargee or Chargees", shall be equally binding on his, her, its or their heirs, executors, administrations and assigns, or successors and assigns as the case may be, and all such covenants, liabilities and obligations shall be made by the Chargors jointly and severally, unless the Charge specifies otherwise, and with the Chargees jointly, unless the monies secured are expressly secured to them in several shares or distinct sums. All words appearing in this Charge that are defined in Section 1 of the Act, except the word "successor", shall be read and construed as having the meaning assigned to them by Section 1 of the Act. "Land" shall also mean the land described in Box 5 of the Charge as amended from time to time and, for greater certainty, includes where the context permits, structures thereon. "Charged Premises" includes the Land and any structures thereon. "Interest rate differential" means the difference between interest payable for the balance of the term at the interest rate applicable to the Charge on the relevant date and interest payable for the balance of the term at the posted interest rate of the Chargee on that date for a charge with a term similar to the time then remaining on the Charge and with similar prepayment privileges to those applicable to the Charge.

Dated this 21st day of February, 2008.

London Civic Employees' Credit Union Limited
by its solicitors, Harrison Pensa

per: ______________________________
Paul D. Kiteley
Harrison Pensa LLP

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200804 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200805 Cote
Filing Date April 1st 2008 Date de Dépôt
Page 1 of/de 29 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

Filed by: Korea Exchange Bank of Canada

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing numbers, as provided in Section 9 of the Act.

1. Definitions

In this set of Standard Charge Terms:

(a) **Amount of Each Payment** means the Amount of Each Payment set out in this Charge;

(b) **Balance Due Date** means the Balance Due Date set out in this Charge and this shall be the same date as the Last Payment Date;

(c) **Bank** means Korea Exchange Bank of Canada (the "Bank");

(d) **Charge** means this Charge/Mortgage of Land made pursuant to the *Land Registration Reform Act*, 1984 and any amendments thereto, to which the Chargor and the Chargee are parties and which is dated as of the date of signature of the first named Chargor who signs this Charge;

(e) **Chargee** means the Bank;

(f) **Chargor** means each Chargor described in this Charge;

(g) **Costs** means the fees, costs, disbursements, charges and expenses of the Bank of and incidental to (1) the preparation, execution and registration of the Charge and any other instruments connected herewith and every renewal hereof; (2) the collection, enforcement, realization of the security herein contained; (3) procuring payment of the Indebtedness due and payable hereunder, including foreclosure, power of sale or execution proceedings commenced by the Bank or any other party; (4) any inspection required to be made of the Property; (5) all necessary repairs required to be made to the Property; (6) the Bank's having to go into possession of the Property and secure, complete and equip the building or buildings in any way in connection therewith; (7) the Bank's renewal of any leasehold interest; (8) the exercise of any of the powers of a receiver contained herein; and (9) all solicitor's costs whatsoever, costs and expenses of any necessary examination of the title to and of valuation of the Property. Costs shall (1) extend to and include all legal costs whatsoever incurred by the Bank as between solicitor and his own client; (2) be payable forthwith by the Chargor; (3) bear interest at the Interest Rate; and (4) be a charge on the Property;

(h) **Covenantor** means each covenantor described in this Charge;

(i) **First Payment Date** means the First Payment Date set out in this Charge;

(j) **Fixtures** include but are not limited to furnaces, boilers, oil burners, stokers, water heaters, electric light fixtures, screen and storm doors and windows, air conditioning, plumbing, cooling and heating equipment and all apparatus and equipment appurtenant to the Property;

(k) **Guarantor** means each guarantor described in this Charge;

(l) **Indebtedness** means all moneys and liabilities matured or not, whether present or future, direct or indirect, absolute or contingent, now or at any time hereafter owing or incurred, wheresoever or howsoever incurred from or by the Chargor, as principal or surety, whether alone or jointly with any other person and in whatever name, style or form, whether otherwise secured or not and whether arising from the dealings between the Bank and the Chargor or from other dealings or proceedings by which the Bank may become a creditor of the Chargor including, without limitation, advances upon any overdrawn account or upon bills of exchange, promissory notes or other obligations discounted for the Chargor or otherwise, all bills of exchange, promissory notes and any other obligation negotiable or otherwise representing money and liabilities or any portion thereof, now or hereafter owing or incurred from or by the Chargor and all interest, damages and Costs, and all premiums of insurance upon the buildings, Fixtures and improvements now or hereafter brought or erected upon the said Property which may be paid by the Bank and Taxes;

(m) **Interest Adjustment Date** means the date on which the term of this Charge begins and which is the Interest Adjustment Date set out in this Charge or any other date which the Chargor and Chargee agree in writing will be the Interest Adjustment Date;

(n) **Interest Rate** means the Interest Rate set out in this Charge which is an annual percentage rate calculated half-yearly, not in advance;

(o) **Last Payment Date** means the Last Payment Date set out in this Charge and this shall be the same date as the Balance Due Date;

(p) **Monthly Instalment** means the Amount of Each Payment, which payment includes principal and interest and, if applicable, taxes;

(q) **Payment Date** means the first day of each and every month from and including the First Payment Date to and including the Last Payment Date;

(r) **Principal Amount** means the Principal Amount in lawful money of Canada set out in this Charge (that is outstanding from time to time under this Charge);

(s) **Property** means the property identified in this Charge by the Property Identifier(s), if any, and described in the description therein and in a Schedule to this Charge, if required, and includes all buildings, Fixtures and improvements now or hereafter brought or erected upon;

(t) **Spouse of Chargor** means each Spouse of Chargor described in this Charge;

(u) **Tax Account** means an account on the Bank's books of account, relating to this Charge to which all payments made by the Chargor to the Bank pursuant to paragraph 12 may, at the option of the Bank, be credited (as to which account the Bank shall not be a trustee);

(v) **Taxes** means all taxes, rates and assessments, municipal, local, parliamentary or otherwise;

If the Property is a condominium unit, the following definitions apply;

(w) **Declaration** means the Declaration which, together with a description, was registered pursuant to the *Condominium Act* (Ontario), as amended from time to time, to create the Condominium Corporation;

(x) **Condominium Corporation** means the Condominium Corporation which was created by the registration of the Declaration and the description relating thereto of which the Property hereby charged constitutes a part; and

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200805 Cote

(y) **Common Expenses** means the expenses of the performance of the objects and duties of the Condominium Corporation and any expenses specified as common expenses in the *Condominium Act* (Ontario), as amended from time to time, or in the Declaration.

2. Charge of Property

In return for the Bank making a loan to the Chargor in the Principal Amount, the receipt of which is hereby acknowledged by the Chargor, the Chargor:

(a) if the Property is freehold property, hereby charges the Property to the Bank; or

(b) if the Property is a leasehold interest, hereby charges and sub-leases the Property to the Bank for and during the unexpired residue of the term of the lease, except the last day thereof, and all other estate, term, right of renewal and other interest of the Chargor in the lease;

to secure the repayment of the Indebtedness and the performance of all of the obligations of the Chargor contained herein. The Chargor hereby releases to the Bank all its claims on the Property until the Chargor has repaid the Indebtedness and performed all of the obligations of the Chargor in the manner provided by this Charge.

By signing the Charge/Mortgage (or authorizing and directing that a mortgage be electronically registered against title to the Property), the Chargor charges his/her/its entire interest in the Property to the Bank. In return, the Bank agrees to lend to the Chargor the principal amount, or such part of the principal amount as is to be advanced under the Loan Agreement/Mortgage Commitment. Consequently, the mortgage is a charge on the Property and shall remain so until full repayment of the principal amount plus any other charges or costs payable under the mortgage, and performance of all the Chargor's obligations under the mortgage is completed.

3. Interest

The Chargor hereby agrees:

(a) To pay the Bank interest on the Principal Amount at the Interest Rate, which shall be payable monthly. This Interest Rate is payable on the Principal Amount both before and after the Balance Due Date as well as both before and after default, maturity and judgment until the Principal Amount has been repaid in full;

(b) In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, to pay the Bank compound interest on any interest that is payable on any Payment Date, and which is not paid when due. Compound interest shall be payable on the arrears of interest at the Interest Rate both before and after the Balance Due Date. If the interest and compound interest are not paid in six months from the time of default, a rest shall be made and compound interest at the Interest Rate shall be payable on the aggregate amount of interest and compound interest then due as well after as before the Balance Due Date and so on from time to time; and

(c) That all interest and compound interest shall be a charge on the Property.

The interest rate payable by the Chargor is set out in the Charge or on a schedule to the Charge that has been registered on title. Interest is payable at the time and in the intervals set out in the Charge. Interest is payable on the Charge at the Interest Rate on the total outstanding amount owed from time to time, both before and after the balance due date as well as before and after any Court judgment is issued against the Chargor in connection with this Charge.

3.1 Fixed Interest Rate Charges

Where the Charge specifies a fixed interest rate, interest is calculated on each regular payment date. Interest for each payment period is calculated using an interest rate factor that is equal to the Interest Rate specified in the Charge.

3.2 Variable Interest Rate Charge

Where the Charge specifies a variable interest rate, the Interest Rate is a designated adjustable rate (as it changes from time to time) plus a premium, or minus a discount, as specified in the Charge or in a schedule to the Charge. In this circumstance, the Interest Rate is adjusted automatically whenever the designated adjustable rate changes. No notice is given to the Chargor or any Guarantors when there is a change in the adjustable rate. Interest is calculated not in advance by multiplying the outstanding principal amount by the prevailing Interest Rate in effect at the time. The result is then divided by 365 to determine the daily interest payable by the Chargor for as long the prevailing variable adjustable rate remains in effect.

Where the variable rate decreases, but the Chargor's monthly payments remain the same, more of the Chargor's regular payment will be applied to pay down the Principal Amount. Conversely, where the variable Interest Rate increases, but the Chargor's monthly payment remains the same, more of the payment will be applied to interest and less (or potentially none) will be available to pay down the Principal Amount. Where this latter circumstance persists, the Bank reserves the right to increase the monthly payments required of the Chargor.

3.3 Interest Adjustment Date

In the case of a fixed interest rate charge, interest on any part of the Principal Amount advanced before the interest adjustment date will be calculated using the Interest Rate on the date that the Bank advances money to the Chargor.

In the case of a variable Interest Rate charge, interest on any part of the Principal Amount that is advanced prior to the interest adjustment date will be calculated daily at the current prevailing rate using the formula set out in the Charge.

In the case of a building mortgage, interest on progress advances is calculated daily, but is payable monthly up until the interest adjustment date established for the initial term of the Charge. The Bank may deduct the interest owing on any advance from future advances, without adjustment. The Bank may deduct any interest owed on the interest adjustment date established for the initial term of Charge from the last substantial advance.

4. Repayment of the Loan

The Chargor hereby agrees:

(a) To repay the Principal Amount and all interest to the Bank in Canadian dollar currency in accordance with the terms of this Charge at its Head Office in Toronto, Ontario, or such other place as the Bank may from time to time designate in writing;

(b) To pay the Bank interest at the Interest Rate monthly, on the amounts from time to time advanced, computed from the respective dates of such advances and such payments of interest shall be made on the first day of each and every month commencing with the month next following the month in which the first advance is made and continuing to and including the Interest Adjustment Date, unless postponed by the Bank or advanced by mutual agreement in writing; and

(c) Thereafter, to pay the Bank the Principal Amount together with interest thereon at the Interest Rate computed from the Interest Adjustment Date, which shall become due and be paid in Monthly Instalments commencing on the First Payment Date and thereafter on each Payment Date to and including the Balance Due Date at which time the balance of the Principal Amount, if any, and the interest thereon shall become due and be paid.

(d) To have and maintain a bank account at a Schedule A or Schedule B Canadian bank and authorize the Bank to withdraw from that account automatically each payment when it is due.

(e) To ensure that the account referred to in paragraph (d) above has sufficient funds to meet each payment obligation of the Chargor, and to refrain from cancelling the authorization to withdraw, or closing the account, without the Bank's consent.

5. Application of Monthly Instalments

Each Monthly Instalment will be applied first, to pay interest calculated as provided above on the Principal Amount from time to time outstanding, and the balance of the said Monthly Instalment shall then be applied to reduce the Principal Amount.

6. Prepayment

Provided that the Chargor is not in default, the Chargor may prepay the indebtedness owing to the Bank in accordance with the terms contained in a Schedule to the Charge, if any.

7. Renewal, Amendment and Assumption of the Charge

The Chargor hereby agrees with the Bank that:

(a) Any agreement in writing between the Chargor and the Bank subsequent to the date of registration of this Charge, relating to the payment of the unpaid Indebtedness, or to the Interest Rate, or to both, need not be registered in any land registration office. Such agreement shall be effectual and binding on the Property and upon the Chargor, the Bank and upon any encumbrancer or transferee of the Property, or any part thereof, acquired subsequent to the date of registration of this Charge and shall have priority over any subsequent charge, encumbrance or transfer of the Property, to the same extent and effect as if such agreement in writing had been executed, delivered and registered in the appropriate land registration office prior to the making of such subsequent charge, encumbrance or transfer.

(b) No agreement for renewal hereof or for extension of the time for payment of the Indebtedness hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Bank after the expiration of the Balance Due Date or of any subsequent term agreed to in writing between the Chargor and the Bank, and that no renewal hereof or extension of the time for payment of any Indebtedness hereunder shall result from, or be implied from, any other act, matter or thing, save only an express agreement in writing between the Chargor and the Bank.

(c) The Charge may be renewed or extended by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrancers, and it shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequently to the Charge, provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Chargor.

(d) If the Property is a leasehold interest, no sale or other dealing by the Chargor with the lease or the Property or any part thereof and no extension of time given by the Bank to the Chargor, or anyone claiming under the Chargor or any other dealing by the Bank with the owner of the lease or any part thereof, shall in any way affect or prejudice the rights of the Bank against the Chargor or any other person liable to repay the Indebtedness hereby secured.

(e) In the event the Chargor sells, conveys, transfers or enters into any agreement of sale or transfer of the title of the said Property (in this paragraph "Conveys") to a purchaser, grantee or transferee (in this paragraph "Purchaser") who intends to assume the Charge and who is not approved by the Bank, then the Bank may at its option in writing demand repayment of all Indebtedness hereby secured with accrued interest thereon at the Interest Rate.

(f) If the Purchaser who intends to assume this Charge fails to:

(i) apply for and receive the written consent of the Bank, with or without conditions; and

(ii) personally assume all the obligations of the Chargor, or sign the assumption agreement of the Bank,

then the Bank may at its option and in writing demand repayment of the Principal Amount of this Charge with accrued interest thereon. If the Chargor Conveys to a Purchaser who does not intend to assume this Charge, the prepayment provisions referred to in paragraph 6 of this Charge will apply.

No change of ownership of the Property shall in any way affect or prejudice the rights of the Bank against the Chargor or any other person liable for payment of the Indebtedness hereby secured.

Any transfer or sale of the Chargor's interest in the Property, either directly or indirectly, without the Bank's approval shall give the Bank the right, at its option, to declare that the Charge is due and payable in full. If the Bank accepts payment from any new owner of the Property, despite that the Bank did not approve the new owner, this shall not be construed as an approval on the part of the Bank as to the transfer or a waiver on the part of the Bank with respect to its rights against the Chargor or any other person liable for payment of the Indebtedness herby secured.

7.1 Due on Sale

If the Chargor sells, transfers, conveys, encumbers, refinances or otherwise disposes of all or part of the Property or any interest of the Chargor therein, then at the option of the Bank all amounts, whether principal, interest or otherwise that may be owing under the Charge shall become immediately due and payable and shall bear interest at the rate of interest specified in the Charge to the date of payment.

8. No Obligation to Advance

Neither the preparation, execution or registration of this Charge shall bind the Bank to advance the Principal Amount intended to be secured hereby. Nor shall the advance of a part of the Principal Amount bind the Bank to advance any unadvanced portion thereof, but nevertheless the interest hereby charged shall take effect forthwith upon the execution of this Charge by the Chargor.

9. Payments the Bank can make

The Bank may deduct from any advance or, alternatively, pay the amount of any rent or satisfy any taxes, interest due on the date of advance, mortgage insurance premium, lien, rate, encumbrance or other charge now or hereafter existing or to arise or to be claimed upon the Property or any part thereof and any sum so paid shall unless paid out of the Principal Amount advanced on the security of this Charge be payable forthwith by the Chargor, and shall bear interest at the Interest Rate calculated in the manner provided herein and shall be added to the Principal Amount hereby secured and shall be a charge upon the Property to the same extent and effect as the Principal Amount hereby secured, and in any case the Bank shall be entitled to all the equities and securities of all persons so paid and is hereby authorized to retain any discharge unregistered until paid.

10. Repayment of Additional Payments

The Chargor hereby agrees with the Bank that the Indebtedness payable hereunder, other than the Monthly Instalments hereinbefore provided for and such monthly payments with respect to Taxes and Common Expenses (if the Property is a condominium unit) as may from time to time be required, shall be payable forthwith by the Chargor without demand therefor, shall bear interest at the Interest Rate calculated in the manner hereinbefore provided and shall be added to the Principal Amount hereby secured and shall be a charge upon the Property to the same extent and effect as the Principal Amount hereby secured.

11. Costs of Charge

The Chargor hereby agrees to pay the Costs to the Bank.

12. Taxes

The Chargor agrees with the Bank to pay promptly as they fall due all Taxes which now are or may hereafter be imposed, charged or levied upon the Property and will forthwith provide the Bank with evidence satisfactory to it of payment thereof, and without in any way limiting or restricting the generality of the foregoing obligations and any other obligation of the Chargor, the Chargor hereby agrees with the Bank that:

(a) The Bank may pay out of and deduct from any advance of the Principal Amount hereunder any such Taxes, the whole or any instalment of which has or will become payable at the Interest Adjustment Date;

(b) Whenever and so long as the Bank so requires, the Chargor shall on each Payment Date including the First Payment Date and the Last Payment Date pay to the Bank in addition to all other payments hereby required to be paid by the Chargor, such sum as the Bank may from time to time estimate to be required in order to provide funds sufficient to pay in full all such Taxes in each year at the time when such Taxes or the first instalment thereof becomes payable and shall transmit to the Bank all tax bills and other notices relative to the imposition of Taxes on the Property immediately after receipt thereof by the Chargor;

(c) All payments so made by the Chargor to the Bank pursuant to this paragraph 12 shall at the option of the Bank be either credited to the Tax Account or applied against Indebtedness owing hereunder if the Chargor is in default hereunder;

(d) If and so long as the Bank requires such additional payments to be made, the Bank shall so long as there is no default hereunder pay all such Taxes as they fall due or at such earlier time as the Bank deems fit and the amount thereby expended shall be debited against the Tax Account to the extent that the amount in the Tax Account is sufficient and the Bank may at its option either debit to the Tax Account or add to the Principal Amount hereby secured the amount, if any, by which the Tax Account is insufficient;

(e) Any debit balance from time to time in the Tax Account shall bear interest at the Interest Rate and shall together with such interest be secured hereby but nothing contained herein shall render the Bank liable to allow or pay interest on any credit balance from time to time in the Tax Account; and

(f) The amount, if any, by which the aggregate of all Taxes which have been paid by the Bank exceeds at any time and from time to time the aggregate of all payments which have been made by the Chargor to the Bank pursuant to this paragraph 12, shall be payable by the Chargor forthwith on demand hereof and at any time and from time to time.

13. Covenants of Chargor

The Chargor hereby covenants and agrees with the Bank as follows:

(a) Exclusion of subsection 7(1) of the *Land Registration Reform Act*, 1984

The covenants deemed to be included in a charge by subsection 7(1) of the *Land Registration Reform Act*, 1984, shall be and are hereby expressly excluded from the term of the Charge. The Chargor shall, before or after default, execute such further assurances of the Property and do such other acts, at the Chargor's expense, as may be reasonably required;

(b) To Pay and Observe Covenants

That the Chargor, his heirs, executors, administrators and successors or some or one of them shall pay or cause to be paid to the Bank, its successors and assigns, without deduction or abatement the principal money secured by the Charge with interest at the Interest Rate at the times and in manner therein limited for payment thereof, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and, without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Property or in respect thereof, no matter by whom or by what authority imposed, which the Bank has paid or has been rendered liable to pay and shall also pay all other sums as the Bank may be entitled to under the Charge.

(c) For Good Title

That the Chargor, at the time of execution and delivery of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Property free of any trusts, reservations, limitations, encumbrances, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same. The Chargor further covenants to take any and all steps necessary to protect the Chargor's title to the Property, and not to interfere whatsoever in any manner with the Bank's interest in the Property.

(d) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Property with their appurtenances unto the Bank, its successors and assigns, in the manner set out in the Charge. The Chargor's entire interest in the Property is mortgaged to the Bank.

(e) Assignment of Leases and Rent

(i) The Chargor hereby assigns and sets over to the Bank as additional security for payment of the Indebtedness and the performance of the covenants herein contained, any present or future lease which may be granted by the Chargor (and all rents or monies payable from time to time thereunder together with the benefits of all covenants, agreements and provisos contained in the said leases) as to the whole or any portion of the Property and agrees to deliver to the Bank executed copies of all such leases at the written request of the Bank. The Chargor covenants to perform and comply with all lessor's covenants contained in any leases assigned by the Chargor to the Bank. Notwithstanding the assignment or assignments of any lease or leases by the Chargor to the Bank, it is nevertheless declared and agreed that none of the rights or remedies of the Bank under this Charge shall be delayed or in any way hindered or prejudiced by such assignment or assignments or by any act of the Bank pursuant thereto.

(ii) Forthwith upon the request of the Bank after making any lease of the Property or any part thereof the Chargor shall execute and deliver to the Bank an assignment in registrable form in the Bank's usual form of all rents payable under such lease, the benefit of all covenants, agreements and provisos therein contained on the part of the tenant to be observed and performed and the reversion of such lease, and shall also execute and deliver to the Bank all such notices and other documents as may be required in order to render such assignment effectual in law;

(iii) Nothing herein contained shall make the Bank responsible for the collection of rents payable under any lease of the Property or any part thereof or the performance of any covenants, terms or conditions contained in such a lease;

(iv) The Bank shall not by virtue of these presents be deemed a mortgagee in possession of the Property;

(v) The Bank shall be liable to account for only such rents as actually come into its hands less reasonable collection charges in respect thereof and may apply such rents to the repayment of the Indebtedness as evidenced by this Charge and any amending, renewal or modification agreement; and

(vi) Notwithstanding anything herein contained no lease of the Property or any part thereof made by the Chargor without the consent in writing of the Bank shall have priority over this Charge.

(f) Quiet Possession on Default

That from and after default in the payment of the principal money mentioned in the Charge, or the interest thereof, or any part thereof, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Bank, it successors and assigns, peaceably and quietly, to enter into, have, hold, use, occupy, possess and enjoy the Property or intended so to be, with their appurtenances, without let, suit, hindrance, interruption or denial of the Chargor, his heirs, executors, administrators, successors or assigns, or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Property or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances and of any other charges or encumbrances whatsoever.

(g) Further Assurances

That from and after default shall happen to be made of or in the payment of the principal amount, or the interest thereon, or any part of the principal or interest, as set forth in the Charge or of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning hereof, then and in every such case the Chargor, his heirs, executors, administrators, successors or assigns and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Property, by, from, under or in trust for him, shall and will, from time to time, and at all times thereafter, make, do, suffer and execute or cause or procure to be made, done, suffered and executed, all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the Property unto the Bank, its successors and assigns, as by the Bank, its successors and assigns, or its or their solicitor shall or may be lawfully and reasonably devised, advised, or required.

(h) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered an act, deed, matter or thing whatsoever whereby the lands described in the Charge or intended so to be, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever, same for any interests approved by the Bank in writing.

(i) Insurance

(i) That the Chargor shall forthwith insure and during the continuance of the Charge and until all amounts whatsoever owing to the Bank have been paid keep insured in favour of the Bank against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Bank might require to the full extent of their replacement cost in lawful money of Canada (and to an amount not less than the Principal Amount plus any prior encumbrances), each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Bank might require depending on the nature of the Property or the use thereof, in a company or companies duly authorized and licensed to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance is hereby assigned to the Bank and shall provide that loss, if any, shall be payable to the Bank as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Bank and the Chargor will forthwith assign, transfer and deliver over unto the Bank the policy of insurance and receipts thereto appertaining; and if the Chargor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Bank at least fifteen (15) days before the termination of any insurance, evidence of renewal thereof, the Bank shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Bank shall pay any premiums or sums of money for insurance for the premises or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the Interest Rate from the time of such payments and shall payable at the time appointed for the next ensuing payment of interest on the said debt; and the Chargor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Bank to obtain payment of the insurance monies and the production of the Charge shall be sufficient authority for the said insurance company to pay any such loss to the Bank, and the said insurance company is hereby directed thereupon to pay the same to the Bank; and any insurance monies received are hereby assigned to the Bank and may, at the option of the Bank, be applied in rebuilding, reinstating or repairing the Property or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Property or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Bank, in whole or in part on the Charge debt or any part thereof whether due or not then due. The

Chargor shall provide to the Bank, upon request, a certified copy of the insurance policy and proof of its renewal at least 21 days before its expiry.

(ii) If the Property is part of a condominium the insurance provisions set out in paragraph (a) above will not apply and the following shall apply instead:

The Chargor or the Condominium Corporation or both of them shall forthwith insure and during the continuance of the Charge keep insured in favour of the Bank against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Bank might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Bank might require depending on the nature of the Property or the use thereof, in a company or companies approved by the Bank; and the Chargor or the Condominium Corporation or both of them will forthwith assign, transfer and deliver unto the Bank the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policy or policies, and receipts or produce to the Bank at least fifteen (15) days before the termination of any insurance, evidence of renewal thereof, the Bank shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the *Condominium Act* and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

(j) Repair and Maintenance of Property

The Chargor covenants with the Bank that the Chargor will keep the Property in good condition and repair. The Bank may, whenever it deems it necessary, by it agent enter upon and inspect the Property and the Chargor shall pay the Costs associated therewith. If the Chargor or anyone claiming under him neglects to keep the Property in good condition and repair or commits any act of waste on the Property or does anything by which the value of the Property shall be diminished, as to all of which the Bank shall be sole judge or makes default as to any of the covenants or provisos herein contained, the Indebtedness shall, at the option of the Bank, forthwith become due and payable. In default or payment such repairs as it deems necessary and the Costs therefore shall be paid by the Chargor. The Chargor further covenants with the Bank that to the best of the Chargor's knowledge and belief, no part of the Property or of any adjoining land is, has ever been, or will in the future be used to manufacture, store or otherwise deal or trade in any hazardous substances, except in compliance with all laws, regulations and orders and, furthermore, that no part of the Property contains, has ever contained or will in the future contain any hazardous substance which may lower the value of or adversely the sale or transfer of the Property.

(k) Obligation to Build Diligently

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The Chargor covenants with the Bank that if the Chargor fails at any time for a period of ten days to diligently carry on any work (to which the Bank has consented in writing), or departs from the generally accepted standards of construction in the locality of the Property, or permits any construction or other lien to be registered against the Property for any period exceeding thirty days, the Bank at its option any time thereafter though its agents or contractors may enter the Property and have exclusive possession thereof and of all materials, plant, gear and equipment thereon free of interference from or by the Chargor and complete the construction of the building or buildings either according to the said plans and specifications or according to other plans, specifications or design as the Bank in it absolute discretion shall elect. All Costs in connection therewith shall be payable by the Chargor.

(l) No Set Off or Deduction

The Chargor shall make all payments under this Charge to the Bank without any set off or counterclaim and without any deductions or withholdings whatsoever for any reason, and shall not cancel, offset or reduce any payments that the Chargor is or is otherwise obligated to make under this Charge.

(m) Zoning, Land Use and Environmental Protection

The Chargor covenants with the Bank that the Chargor shall comply with all laws and legislation, regulations, by laws and/or orders whatsoever applicable to the Property including without limitation those concerning zoning, land use and environmental protection. Where the Chargor fails to maintain this covenant or comply with it effectively or in a timely manner, the Bank reserves the right at its option to take such steps or make such alterations or improvements whatsoever to the Property as to attempt to achieve compliance with such legislations and laws, regulations, by laws and orders whatsoever, provided that the Bank shall not be obliged to complete what it may have commenced to do in this regard, and provided further that any costs and expenses incurred whatsoever on the part of the Bank in taking any such steps to effect any alterations or improvements to the Property shall immediately be payable to the Bank by the Chargor and, if unpaid, shall accrue interest and be added to the Indebtedness secured by this Charge.

14. Additional Covenants if Property is a Leasehold Interest

If the Charge relates to a leasehold interest, the Chargor further covenants with the Bank that:

(a) The Chargor has a good leasehold title to the Property;

(b) The Chargor has a right to charge and sublet the leasehold title to the Property to the Bank in the manner herein provided and, if required, has obtained the lessor's consent to this Charge;

(c) Neither the Chargor nor any other person has heretofore made, done, committed or suffered any act to encumber the lease or any part thereof;

(d) The lease is a good, valid and subsisting lease and not surrendered, forfeited, amended or become void or voidable and the rents and covenants reserved have been duly paid and performed by the Chargor up to the date of signature of the Chargor;

(e) During the continuance of this Charge, the Chargor shall not amend, surrender or modify the lease without the written consent of the Bank and shall pay the rent reserved by the lease and perform and observe the covenants, provisos and conditions contained in the lease and on the lessee's part to be performed and observed and hereby agrees to keep

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the Bank indemnified against all actions, claims and demands whatsoever in respect of the said rent and covenants or anything related thereto; and

(f) The Chargor shall stand possessed of the Property for the last day of the term or any renewal term granted by the lease in trust for the Bank, and shall assign and dispose thereof as the Bank may direct, but subject to the same right of redemption and other rights as are hereby given to the Chargor with respect to the derivative term hereby granted.

(g) If the Chargor shall refuse or neglect to renew the lease or any renewals thereof granted hereafter, then, and as often as it shall happen, the Bank may, in its sole discretion, effect such renewals in the name of the Chargor, or in the Bank's name or otherwise, and every renewal of the lease shall remain and be security to the Bank for the Indebtedness. All costs in connection therewith shall be payable by the Chargor.

15. Additional Covenants if property is a Condominium Unit

If the Charge is of land within a Condominium the following provisions shall also apply:

(a) If the Property is or includes a condominium unit, then and to that extent, this Charge is made pursuant to the *Condominium Act* (Ontario), as enacted and/or amended from time to time.

(b) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on him by the *Condominium Act* and by the Declaration and the By-laws, as amended from time to time, of the Condominium Corporation, by virtue of his ownership of the said lands and, upon request, to provide the Bank with proof of such compliance and performance. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.

(c) Without limiting the generality of the foregoing, the Chargor covenants and agrees that he shall pay promptly when due any contributions to Common Expenses required of him as an owner of the said lands and, upon request, shall provide the Bank with proof of payment. In the event of his default in doing so the Bank, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Property and shall bear interest at the same rate from the time of such payments and shall be payable forthwith by the Chargor to the Bank whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.

(d) The Chargor will forward to the Bank any notices or assessments from the Condominium Corporation. The Bank has the right to give the Chargor notice that it will collect the Chargor's contribution to the common expenses from the Chargor and the Chargor agrees to make that payment. The Bank is entitled to accept and rely upon a statement from the Condominium Corporation as conclusive evidence of how much is owed for common expenses and when those common expenses are due to be paid. The Chargor must maintain in a good condition and state of repair all improvements made to the Property, if any, and the Chargor must repair any damage to the Property, immediately after any such damage occurs.

(e) The Chargor hereby irrevocably authorizes and empowers the Bank to exercise the right of the Chargor as an owner of the said lands to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) The Bank may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Bank does not intend to exercise the said right to vote or consent and in that event until the Bank revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.

(ii) The Bank shall not by virtue of the assignment to the Bank of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent or not to consent shall not constitute the Bank a mortgagee in possession.

(iv) The Chargor will transmit to the Bank forthwith upon the demand of the Bank satisfactory proof that all Common Expenses assessed against or in respect of the said Property have been paid as assessed.

(v) The Bank may pay out of and deduct from any advance of the Principal Amount secured hereunder all contributions to the Common Expenses assessed against or in respect of the said Property which have become due and payable and are unpaid at the date of such advance.

(vi) Whenever and so long as the Bank so requires the Chargor shall on or before the date when any sum becomes payable by the Chargor in respect of Common Expenses pay such sum to the Bank. The Bank shall forthwith on receipt thereof remit all such sums to the Condominium Corporation on behalf of the Chargor or as the Condominium Corporation may from time to time direct.

16. Chargor's Quiet Possession until Default

It is hereby agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor, his heirs, executors, administrators, successors and assigns, peaceably and quietly to have, hold, use, occupy, possess and enjoy the Property, and receive and take the rents and profits thereof to his and their own use and benefit, without let, suit, hindrance, interruption, or denial by the Bank, its successors or assigns, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for it, them or any or either of them.

17. Bank May Appropriate Payments to any Debt

It is hereby agreed that the Bank shall have the right at any time to appropriate any payment made as a temporary or permanent reduction of any portion of the Indebtedness whether the same be represented by open account, overdraft or by any bills, notes or other instruments and whether then due or to become due and may from time to time revoke or alter such appropriation and appropriate such payment as a temporary or permanent reduction of any other portion of the Indebtedness as in its sole and uncontrolled discretion as it may see fit.

17.1 Administration Fees

The Chargor covenants with the Bank to pay the Bank, upon request, any administration and processing fees charged by the Bank to prepare an assumption statement, information statement, pay out statement, amending or other agreement, transfer of charge fee, discharge fee, or any other fees reasonably chargeable by the Bank. Where such a fee has been charged, that has not been paid by the Chargor, the amount thereof will be added to the outstanding balance due under the Charge and shall form part of the Indebtedness secured hereby and shall bear interest at the Interest Rate.

18. Continuing Security

It is hereby agreed that this Charge may secure a current or running account and shall stand as a continuing security to the Bank for the payment of Indebtedness and all interest, damages and Costs which may become due or payable to the Bank notwithstanding any fluctuation or change in the amount, nature or form of the Indebtedness or in the bills, notes or other obligations now or hereafter representing the same or any portion thereof or in the names of the parties to the said bills, notes or obligations or any of them.

19. Principal Due on Default

It is hereby further expressly declared and agreed, that if:

(a) any default shall occur in the payment of the interest money secured by the Charge, or any part thereof, or

(b) in payment of any instalment of principal as the same mature or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Bank in respect of or representing or securing the money hereby secured or any part thereof, or

(c) in the performance of any covenant, proviso or agreement herein contained,

(d) if any waste be committed or suffered on the Property,

(e) if the Property is abandoned or the insurance is cancelled or terminated, or

(f) if the Chargor becomes insolvent or makes an assignment or is petitioned into bankruptcy,

then at the option of the Bank, the principal money secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time herein mentioned for payment of such principal money had fully come and expired, subject to any relief afforded to the Chargor at law. The Bank may, however, waive its right to call in the principal and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

20. Remedies of Chargee on Default

It is hereby provided that:

(a) The Bank on default of payment for 15 days may on 35 days notice enter on and sell the Property or, on default of payment for 15 days may on 35 days notice lease the Property or, if the Chargor is a lessee of the Property, enter on and hold and enjoy the Property for the residue of the term of years hereby demised for its own use and benefit, without the let, suit, hindrance, interruption or denial of the Chargor or any other person;

(b) Whenever and to the extent that it is permitted from time to time by the laws of the Province of Ontario the foregoing power of sale or lease may be exercised without notice or with less or different notice than that hereinbefore specified or otherwise;

(c) If the Property is a leasehold interest, the Chargor hereby irrevocably appoints the Bank as the Chargor's substitute to be the Chargor's attorney during the continuance of this security. In the event of default and on giving the notice contemplated herein to the Chargor for and on behalf of the Chargor, the Bank may assign the lease and convey the Property and the last day of the term granted by the lease as the Bank shall at any time direct, and in particular, upon any sale made by the Bank under the statutory power or power of sale herein contained, to assign the lease and

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convey the Property and the said reversion to the purchaser. It is hereby declared that the Bank or other person for the time being entitled to the Indebtedness may at any time, by deed, remove the Chargor or any other person from being a trustee of the lease under the declaration of trust hereinbefore declared and on the removal of the Chargor or any future trustee of the lease, appoint a new trustee or trustees in the Chargor's place;

(d) If the Property is a leasehold interest, the Chargor shall, with respect to the lease at the request of the Bank, but at the cost, charge and expense of the Chargor, grant and assign unto the Bank, or whom it may appoint, the last day of the said term hereinbefore excepted or any renewal or substituted term; and further, in the event of the Bank making any sale under the power of sale herein contained the Chargor shall stand seized and possessed of the Property for the last day of the said term hereinbefore excepted, and of any renewal or substituted term, and of all rights of renewal in trust for the purchaser or purchasers, his or their heirs, executors, administrators, successors and assigns;

(e) In the event of default by the Chargor, the Bank may sell the Property or any part thereof or, if the Property is a leasehold interest, sell the unexpired term of years demised by the lease or any part thereof by public auction or private sale and on such terms as to credit and otherwise as shall appear to it most advantageous, and for such price as can be reasonably obtained therefor, and may make any stipulations as to title or otherwise which it shall think proper; and may buy in or rescind or vary any contract for the sale of any of the Property, and re-sell without being answerable for any loss or damages occasioned thereby, and for any of said purposes may make and execute all agreements and assurances which it shall think fit, and the purchaser shall in no case be bound to enquire whether notice of intention to sell has been given or default made or otherwise as to the regularity or validity of any sale or lease made hereunder;

(f) Any sale or lease by the Bank shall be valid as regards the purchaser or lessee, and the remedy of the Chargor shall be in damages only against the Bank, and any sale or lease hereunder shall not in any way be restrained or affected thereby; and

(g) The costs of any sale proceedings hereunder, whether such sale proves abortive or not, incurred in taking, recovering or keeping in possession of the Property or in enforcing the personal remedies under this Charge or by reason of non-payment or in procuring payment of the Indebtedness shall be payable by the Chargor, whether any action or other proceeding has commenced or not.

21. Additional Remedies on Default

(a) Distress

The Chargor hereby covenants and agrees that the Bank, its successors or assigns, may:

(i) distrain for arrears of interest against the Property or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress; and

(ii) distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

(b) Rights to Enter and Repair etc.

The Chargor hereby covenants and agrees that in the event of default in the payment of any instalment of principal, interest or taxes hereby secured or any other monies payable hereunder by the Chargor or on breach of any covenant, proviso or agreement herein contained after all or any part of the monies hereby secured have been advanced, the Bank may at such time or times as it may deem necessary and without the concurrence of any other person:

(i) enter upon the Property for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Property as it may deem expedient, and

(ii) make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Property,

(iii) dispose of any personal property remaining on the Property 21 days after possession has been taken,

and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Bank or other person appointed for the above purposes shall be forthwith payable to the Bank, and shall be a charge upon the Property and shall bear interest at the Interest Rate until paid.

(c) Foreclosure

The Bank may apply to the Court to foreclose the interest of the Chargor in the Property such that the interest of the Chargor in the Property will be absolutely transferred to the Bank and the Chargor shall lose any interest in the Property.

(d) Appointment of Receiver

Notwithstanding anything herein contained, the Chargor hereby agrees that any time and from time to time when there shall be default in the performance or observance of any of the terms, conditions, covenants, or payments described herein or in any additional or collateral security given by the Chargor to the Bank, then the Bank may, at such time and from time to time and with or without entry into possession of the Property, or any part thereof, by instrument in writing appoint any person(s), whether an officer or officers or an employee or employees of the Bank or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Property, or any part thereof or derived therefrom, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that, in making any such appointment or removal, the Bank shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

(iv) Every such receiver shall have unlimited access to the Property as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority to:

(A) take possession of the Property or any part thereof;

(B) collect the rents and profits from tenancies whether created before or after these presents;

(C) rent any portion of the Property which may become vacant on such terms and conditions as he considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(D) complete the construction of any building or buildings or other erections or improvements on the Property left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;

(E) manage, operate, repair, alter or extend the Property or any part thereof;

(F) collect profits and realize upon additional or other security granted by the Chargor to the Bank;

(G) take proceedings, be they legal or otherwise, in the name of the Chargor or otherwise;

(H) carry on or concur in carrying on the business which the Chargor is or was conducting on or from the Property; and/or

(I) borrow money on the security of the Property, if the Bank consents, in priority to this Charge.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Property. The rights and powers conferred herein are supplemental to and not in substitution for any rights which the Bank may have from time to time.

(v) The Bank may at its discretion vest the receiver with all or any of the rights and powers of the Bank.

(vi) The Bank may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.

(vii) Every such receiver shall be deemed to be the agent or attorney of the Chargor and, in no event, the agent of the Bank and the Bank shall not be responsible for his acts or omissions.

(viii) The appointment of any such receiver by the Bank shall not result in or create any liability or obligation on the part of the Bank to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Bank a chargee in possession of the Property.

(ix) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by him in respect of the Property, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(A) his remuneration aforesaid;

(B) all costs and expenses of every nature and kind incurred by him in connection with the exercise of his powers and authority hereby conferred;

(C) interest, principal and other money which may, from time to time, be or become charged upon the Property in priority to these presents, including taxes;

(D) to the Bank all interest, principal and other monies due hereunder to be paid in such order as the Bank in its discretion shall determine;

(E) and thereafter, every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Property and shall bear interest from the date of demand at the Interest Rate.

(x) Saves as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(xi) The Bank may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.

(xii) The statutory declaration of an officer of the Bank as to default under the provisions of these presents and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(xiii) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Bank may have.

(xiv) Nothing contained herein and nothing done by the Bank or by the receiver shall render the Bank a mortgagee in possession or responsible as such.

(e) the Chargor shall pay all of the Bank's costs and expenses, including all legal fess on a full indemnity basis to:

(i) Prepare the Charge, including all steps necessary to advance and secure the Principle Amount, investigate title, pay a title insurance premium, register the Charge, and all legal expenses incurred in relation to same.

(ii) Collect the Principal Amount or otherwise enforce the terms of the Charge including enforcement of monetary as well as non monetary obligations of the Chargor.

(iii) Prepare and register and/or deliver a discharge of the Charge once the Chargor has complied with all obligations under the Charge including, without limitation, payment of all monies whatsoever owed pursuant to the Charge.

(iv) Any other costs and expenses incurred or laid out by the Bank to preserve the Property and/or its interest therein.

22. Buildings, Advances and Cost of Search

And it is the intention of the parties hereto that:

requested from time to time, shall immediately and at its own expense, execute an acknowledgement in a form satisfactory to the Bank with respect to the terms and conditions of the Charge, which will also indicate the balance outstanding under the Charge as of the date of the acknowledgement, and the Chargor shall deliver the said acknowledgement to the Bank within five (5) calendar days of its receipt by the Chargor. The failure of the Chargor to execute or deliver such acknowledgment to the Bank within the time and in the form and manner prescribed above, shall constitute an event of default on the part of the Chargor for the purposes of the Charge.

25. Default in Prior Charges

The Chargor hereby agrees that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage or charge to which the Charge is subject, then and in that event the monies hereby secured shall forthwith become due and be payable, at the option of the Bank, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale herein contained may be exercises as herein provided.

26. Liens and Construction

Provided also that upon the registration of any lien against the Property, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the principal and interest and all other amounts hereby secured shall, at the option of the Bank, forthwith become due and payable.

27. Waste, Vacancy, Repair and Building Completion

The Chargor hereby covenants and agrees that:

(a) the Chargor shall not permit waste to be committed or suffered on the Property,

(b) he shall maintain the buildings or other improvements on the Property in good order and repair to the satisfaction of the Bank and shall not permit or suffer them to become or remain vacant and,

(c) the Bank may, but shall not be obliged to, and without incurring any liability as mortgagee in possession, enter upon the Property and make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Property; and

(d) the cost of repair, construction or reconstruction shall be added to the debt secured by this Charge and shall bear interest at the Interest Rate and shall, with such interest, be a charge on the Property prior to all claims thereon subsequent to these presents and shall be payable forthwith on demand.

28. Inspection

The Bank through itself or its agent or employees (and any title insurance or mortgage default insurer, or representative or agent thereof) may, at any time, enter upon the Property to inspect the Property and the reasonable cost of such inspection shall be added to the debt secured by this Charge and shall bear interest at the Interest Rate, and shall, with such interest, be a charge on the Property prior to all claims thereon subsequent to these presents and shall be payable forthwith on demand. Such inspections may include, without limitation, environmental testing, site assessments, investigations and studies.

29. Alterations

(a) the building or buildings erected on the Property form part of the security for the full amount of the monies secured by the Charge;

(b) that all advances are to be made in such manner at such times and in such amounts up to the full amount of said monies as the Bank in its sole discretion may determine; and

(c) subject always to the provision to which the Chargor hereby agrees that notwithstanding the execution or registration of the Charge or the advancement of any part of the monies, the Bank is not bound to advance the monies or any unadvanced portion thereof and the advance of the monies and any part thereof from time to time shall be in the sole discretion of the Bank, but nevertheless the charge hereby made shall take effect forthwith upon the execution of these presents by the Chargor and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby in the event of the whole or any balance of the principal sum not being advanced, the same to be charged hereby upon the Property and shall be without demand thereof, payable forthwith with interest at the Interest Rate and in default the said Bank's power of sale hereby given, and all other remedies hereunder shall be exercisable.

23. Fixtures

The Chargor hereby agrees that all erections and improvements fixed or otherwise now on or hereafter put upon the Property, including but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the realty and shall be a portion of the security for the indebtedness herein mentioned.

24. Partial Release

The Chargor hereby agrees that the Bank may at any time:

(a) release any part or parts of the Property or any other security or any surety for payment of all or any part of the monies hereby secured either with or without any or sufficient consideration therefor, or

(b) release the Chargor or any other person from any covenant or other liability to pay the said monies or any part thereof, either with or without any or sufficient consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Bank and without thereby releasing any other part of the Property, or any other securities or covenants herein contained,

it being especially agreed that notwithstanding any such release the Property, securities and covenants remaining unrealized shall stand charged with the whole of the monies secured by the Charge.

24.1 Acknowledgement on Assignment

The Bank shall have the unfettered right at any time to transfer, assign or convey the Charge or such part of its interest thereunder in whole or in part to a third party with no advance notice to the Chargor or Guarantor. Where the Bank exercises its right to so transfer, assign or convey the Charge or its interest thereunder or any part thereof, the Chargor, upon request, and whenever

The Chargor hereby covenants and agrees that it shall not make or permit to be made any alterations or additions to the Property without the consent of the Bank. The Chargor shall not demolish any building or structure on the Property without first obtaining the Bank's written approval.

The Chargor shall not make any substantial alterations, additions or improvements to the Property without first obtaining the Bank's written approval of the proposed plans for such alterations, additions, or improvements, as the case may be.

Where the Bank has provided its written agreement to make certain alterations, additions or improvements to the Property, the following conditions apply:

(a) The work must be completed as competently but as quickly as is reasonably possible.

(b) The work must meet all governmental requirements and zoning and building by laws and other standards applicable to the Property. All permits and licenses to complete such work must be obtained prior to the work being effected. Upon request, proof of compliance with governmental requirements and zoning and building by laws and other standards applicable to the Property shall be delivered to the Bank by the Chargor.

(c) The Chargor shall pay all costs whatsoever associated with the work, and shall provide proof that all amounts in respect of the work have been paid.

(d) The Chargor must retain all required holdbacks (unless the Bank does so).

(e) In addition to section 26 of the Standard Charge Terms above, the Bank may obtain an order removing any construction lien in its sole discretion and may provide such financial guarantees or other security to obtain such order. If this occurs, the Chargor must pay to the Bank immediately all of such charges, costs and expenses incurred or undertaken by the Bank, failing which the Bank may at its option declare the Charge to be in default or, the Bank may add these amounts to the amount outstanding under the Charge, or both.

29.1 Construction Advances

Where the Indebtedness is to be used in whole or in part to pay for any construction, alteration or addition to the Property, the Bank may make advances of the Principal Amount to the Chargor based upon the progress of construction, in which case the Bank will decide whether or not any advances will be made, the amount of the advances, and when such advances will be made in its sole discretion. The Bank may make advances to the Chargor based upon how much of the construction, alteration or addition has been completed and the amount of money needed to complete. The Bank may retain funds from any advance until the Bank is completely satisfied that the holdback provisions of the *Construction Lien Act* have been complied with.

Where the Charge is a construction mortgage, the Bank may require that accrued interest on progress advances from the date of the advances be paid in monthly instalments starting on the first day of the next month after the first advance, and on the first day of each month following. The balance of the interest must be paid on the Interest Adjustment Date. Interest will be payable at the Interest Rate and calculated daily. The Bank may, in its sole discretion, retain accrued interest out of the proceeds of each advance. If the Principal Amount is not advanced in full on the Interest Adjustment Date, the Interest Adjustment Date will change to the date of the final advance, in which case, the Last Payment Date and the Balance Due Date will change correspondingly. If the final advance is not made within twelve months of the date of the application for the Charge, the Bank will automatically set the Interest Adjustment Date to a date that is approximately twelve months from the date of the application for the Charge and the term of the Charge will start on that date.

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30. Non-Merger

Charge not a Substitute for any other Security - It is hereby expressly agreed by the Chargor that this Charge shall not create any merger, rebate or discharge of any debt held by or which may hereafter be held by the Bank, whether from the Chargor or any other party or parties whomsoever and this Charge shall not in any way affect any security held or which may hereafter be held by the Bank for the Indebtedness or any portion or portions thereof or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Bank for or on account of the indebtedness of any portion or portions therefor shall the remedies of the Bank in respect thereof be affected in any manner whatsoever.

The Chargor further agrees that the taking of a judgment or judgments on any of the covenants herein contained shall not operate as merger of the said covenant or affect the Bank's right to interest at the rate and times herein provided; and further that said judgment shall provide that interest thereon shall be computed at the Interest Rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

31. Sale, Transfer or Lease of Property by Chargor

The Chargor covenants and agrees with the Bank that the Chargor shall not without the prior consent in writing of the Bank, sell, transfer, lease or otherwise dispose of the Property or any portion thereof or any interest therein; and, in the event of such sale, transfer, lease or other disposition, without the consent of the Bank, the Indebtedness hereby secured shall, at the option of the Bank, forthwith become due and payable.

The Chargor further agrees that no sale or other dealing by the Chargor with the Property or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Bank as against the Chargor or any other person liable for payment of the monies hereby secured.

31.1 Expropriation

If the Property is expropriated during the term of the Charge, the balance outstanding will immediately become due and payable, together with any applicable pre payment charges. If only part of the Property is expropriated, the Chargor shall pay to the Bank the amount of any expropriation award for the partial expropriation and same will be credited to the outstanding balance due under the Charge. If the Bank in its sole discretion considers that the remainder of the Property after a partial expropriation is not adequate security as the Bank deems fit, then the outstanding balance due and owing under the Charge shall become due and payable immediately.

31.2 Portability

Provided that the Chargor is not in default, and subject always to the exclusive discretion of the Bank, where the Chargor has entered into an agreement to sell the Property and acquire another property within sixty (60) days after closing to the sale of the Property, the Bank may, in its sole discretion, provide financing for the purchase of the new property upon the following terms and conditions:

(a) The Chargor must make a written application to the Bank to continue the mortgage loan on the new property.

(b) The Chargor must meet the Bank's then applicable mortgage approval criteria, and the new property must also meet the Bank's then applicable mortgage approval criteria.

(c) The Chargor shall have to sign or authorize the electronic registration of a new Charge/Mortgage on the new property for a term equal to the remaining term of the Charge.

(d) The sale of the Property must be at arms length for a least fair market value. On the day of closing, the outstanding balance of the Charge must be paid in full.

(e) The Interest Rate that will apply to the new mortgage will be either the same Interest Rate under the Charge or, at the discretion of the Bank, a new interest rate or, alternatively, a blend of the old and new interest rates.

(f) The Chargor shall pay any applicable pre payment charges when the Property is sold. If the Chargor gives a new first mortgage on the new property to the Bank, then, in the discretion of the Bank, the whole or part of the pre payment charges may be refunded to the Chargor.

The Chargor shall pay any and all processing or administration fees, legal or appraisal fees, and any other expenses incurred in connection with the discharge or the Charge and the preparation and registration of a new mortgage on the new property.

Notwithstanding anything else contained in this section, the Bank's mortgage approval criteria, policies, procedures and requirements in effect at the time that the Chargor makes application for the new mortgage must be met including, without limitation, any mortgage insurance requirements of CMHC or GEMICC, to the extent applicable.

31.3 Assumability

Where the Chargor sells, transfers or otherwise disposes of the Property, the Chargor shall remain liable for all of the Chargor's covenants, obligations, debts and liabilities whatsoever arising under the Charge both before as well as after such sale, transfer or disposition of the Property. In addition, any person who accepts title under such a sale, transfer or disposition of the Property shall and does hereby agree to assume all of the covenants, obligations, liabilities and debts of the original Chargor as if the person had signed the original Charge directly. However, notwithstanding any sale, transfer or disposition of the Property, or the Chargor's interest therein, and notwithstanding any new agreement made between the Bank and any new owner of the Property with respect to any of the terms and conditions of the mortgage, and notwithstanding whether or not the Bank has accepted any payments from such new owner, the rights of the Bank against the original Chargor and any Guarantor shall not be released, affected or impaired whatsoever unless, in the Bank's sole discretion, it agrees to do so in writing. As such, the original Chargor and any Guarantor shall remain liable for all covenants, obligations, liabilities and debts whatsoever until such time as the Charge has been paid in full and all obligations satisfied in full or until such time as the Chargor and any Guarantor have been released by the Bank in writing.

Where the Chargor wishes to enter into a sale, transfer or disposition of the Property, the Bank may agree to an assumption of the Charge by the new purchaser provided that:

(a) the decision whether or not to deal with the new purchaser will be in the sole discretion of the Bank.

(b) the Chargor shall provide all information material to the Bank to make a decision.

(c) the new purchaser must make written application to the Bank and satisfy all the Bank's mortgage approval criteria, policies, procedures and requirements in effect at the time that such application is made which may include mortgage insurance requirements of CMHC or Genworth, if applicable.

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(d) the Bank may set new requirements that the original Chargor and the new purchaser must meet as a condition of the Bank's approval, which would include, without limitation, the new owner signing a form of assumption agreement satisfactory to the Bank.

(e) the original Chargor and any Guarantor shall agree that the Bank may renew, extend, change, vary or alter any of the terms of the Charge in an agreement with the new owner, without notice to the original Chargor and Guarantor, and that the original Chargor and Guarantor shall remain liable nonetheless, no notice may have been given, to observe and perform all of the obligations, covenants, liabilities and debts under the Charge or, in the discretion of the Bank, the amended Charge.

32. Other Encumbrances

The Chargor hereby further agrees that the Bank may:

(a) pay the amount of any encumbrance, lien or charge now or hereafter existing, or to arise or to be claimed upon the Property, including without limitation any taxes, mortgages, construction liens, government claims, government orders, security interests, utility charges or other rates on the Property or any of them, or any amounts payable to the Condominium Corporation (if applicable), and

(b) pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and its client, which may be incurred in taking, recovering and keeping possession of the Property and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize this security, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor hereunder whether any action or any judicial proceedings to enforce such payments has been taken or not,

and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid hereunder by the Bank shall be added to the debt hereby secured and be a charge on the Property and shall bear interest at the Interest Rate, and shall be payable forthwith by the Chargor to the Bank, and the non-payment of such amount shall be a default of payment within the meaning of those words in the paragraph dealing with power of sale and shall entitle the Bank to exercise the power of sale and all other remedies hereby given.

(c) In the event of the Bank paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or Government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

33. Ontario New Home Warranties Plan Act

If the Bank incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Home Warranties Plan Act* and the Regulations thereunder, including any amendments to or replacements of either of them (the "Act"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the Act or enrolling the Property or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt hereby secured and be a charge on the Property in priority to all other encumbrances registered or arising subsequent to the Charge and shall bear interest at the Interest Rate and shall be payable forthwith by the Chargor to the Bank.

If the *Ontario New Warrantees Plan Act* (or any successor or comparable legislation) applies to the Property, the Chargor agrees to comply with its requirements and to reimburse the Bank for any costs which the Bank incurs in complying or enforcing the Chargor's rights if the Chargor fails to do so.

33.1 National Housing Act

If the Charge is insured by CMHC, then the Charge is made under the *National Housing Act*, to the extent applicable.

34. Extensions and Renewals

No renewal(s), variation(s) and/or extension(s) of time given by the Bank to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner(s) of the Property or of any part thereof, shall in any way affect or prejudice the rights of the Bank against the Chargor or any other person liable for the payment of the monies hereby secured.

35. Bonus on Default

On default of payment of any of the monies hereby secured or payable the Bank shall be entitled to require payment, in addition to all other monies hereby secured or payable hereunder, of a bonus equal to three months' interest in advance at the Interest Rate upon the principal money hereby secured, and the Chargor shall not be entitled to require a discharge of the Charge without such payment.

36. Discharge

The Bank shall have a reasonable time after payment in full of the monies secured by the Charge within which to prepare and execute a discharge or, if requested, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Bank and all legal and other expenses for the preparation and execution of such discharge and assignment shall be borne by the Chargor.

37. Other Security

The Charge is in addition to and not in substitution for any other security held by the Bank including any promissory note or notes for all or any part of the monies secured hereunder, and it is understood and agreed that the Bank may pursue its remedies thereunder or hereunder concurrently or successively at its option. Any judgment or recovery hereunder or under any other security held by the Bank for the monies secured by the Charge shall not affect the right of the Bank to realize upon this or any other such security.

38. Spouse's Consent

And the spouse of the Chargor so named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Property to the extent necessary to give effect to the rights of the Bank hereunder, and agrees that the Bank may, without further notice, deal with the Property and the debt hereby created as the Bank may see fit.

39. Family Law Act

The Chargor covenants and agrees that:

(a) he or the owner from time to time of the Property will advise and keep advised the Bank as to whether he (i.e. the Chargor or the owner from time to time) is a spouse as defined in the *Family Law Act*, 1986 as amended or replaced from time to time (the "Act"), and if so, the name of his spouse, and of any change in his spousal status or in the status of the Property as a matrimonial home within the meaning of the Act, and

(b) forthwith on request he will furnish the Bank with such evidence in connection with any of the matters referred to in clause (a) above as the Bank may from time to time require, including, without limitation, his and his spouse's name, address and birth date and his and his spouse's authorization to the Registrar under The Vital Statistics Act of the Province of Ontario to provide the Bank from time to time on request all information in its possession relative to any marriage, divorce or death of the Chargor or his spouse,

and on default the principal money, interest and all other monies hereby secured shall, at the option of the Bank, forthwith become due and payable.

Any spouse signing the Charge or an authorization and direction in relation to the Charge, consents to the Charge and releases all interest in the Property to the extent necessary to give effect to the Bank' rights under the Charge in full priority ahead of such spouse. Such spouse also agrees that the Bank may, without further notice, deal with the Property and the debt created by the Charge as the Bank sees fit.

40. Severability of any Invalid Provisions

It is agreed that in the event that at any time any provision of these presents is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or would by reason of the provisions of any such statute or regulation render the Bank unable to collect the amount of any loss sustained by it as a result of making the above recited loan which it would otherwise be able to collect under such statute, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Bank unable to collect the amount of any such loss.

41. Covenantor or Guarantor

If a party is named as a Covenantor or Guarantor in the Charge or a schedule thereto, then it being a condition of the making of the loan referred to in the Charge that the covenant hereinafter set forth should be entered into by such party (the "Covenantor"), the Covenantor on behalf of himself, his executors, administrators, successors and assigns, in consideration of the advance in whole or in part of the monies secured by the Charge does hereby covenant, promise and agree as principal debtor and not as surety to and with the Bank, its successors and assigns, that he shall and will:

(a) well and truly pay, or cause to be paid unto the Bank, its successors and assigns, the said principal sum and all other monies hereby secured together with interest upon the same, at the days and times, and in the manner in the Charge limited and provided for payment thereof;

(b) in everything, well and truly do, observe, fulfil and keep all and singular the covenants, provisos, conditions, agreements and stipulations in the Charge, particularly set forth, according to the true intent and meaning thereof, and

(c) abide by and submit to and do hereby agree to all conditions, provisos and stipulations in the Charge on the part of the Chargor set forth,

and these covenants shall be binding notwithstanding the giving of time for payment of the Charge or the varying of terms of payment thereof or the rate of interest thereon, and if there are more than one Covenantor shall bind them jointly as well as severally and shall continue to subsist notwithstanding the death of one or more of such Covenantors.

This Guarantee provision is in addition to, not in substitution for, any other written guarantee executed by the Guarantor. Where there is a conflict between this provision and any such written guarantee executed by the Guarantor, the terms of the written guarantee so executed shall prevail over those of this provision to the extent of such conflict. Where there is no such written guarantee executed by the Guarantor, the terms of this provision shall apply and bind the Guarantor as well as the Guarantor's heirs, executors, administrators, personal representatives, successors, and signs, and will not be altered by the insolvency or bankruptcy of any Chargor, Guarantor, or any other person. Where there is more than one Guarantor, the obligation of each Guarantor shall be joint and several. The liabilities and obligations under this guarantee are absolute, unconditional and continuing.

42. No Prejudice from Failure to Enforce Rights

The Chargor hereby agrees that:

(a) no failure to enforce at any time or from time to time any of the rights of the Bank hereunder shall prejudice such rights or any other rights of the Bank;

(b) no performance or payment by the Bank in respect of any breach or default hereunder of the Chargor shall relieve the Chargor from any default hereunder; and

(c) no waiver at any time or from time to time of any such rights of the Bank shall prejudice such rights in the event of any future default or breach.

43. Compliance with the Law

The Chargor covenants and agrees at all times to promptly observe perform, execute and comply with:

(a) all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and

(b) all private covenants and restrictions affecting the Property or any portion thereof.

The Chargor shall from time to time, upon request of the Bank, provide to the Bank evidence of such observance and compliance, and shall at its own expense make any and all improvements thereon or alterations to the Property structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation.

43.1 Withholding Tax

If the Chargor is not a Canadian resident for income tax purposes, the Bank must nevertheless receive interest payments free and clear of any withholding tax imposed by the country or state where the Chargor is resident for income tax purposes. In such case, the Chargor is responsible for paying any withholding tax and to provide the Bank with the withholding tax receipt issued by the foreign tax authority as proof that the withholding tax has been paid. If the withholding tax is not paid and the Bank is compelled to pay the foreign tax authority, the Chargor promises to pay the withholding tax to the Bank immediately and, if the Chargor fails to do so, the amount so paid by the Bank will be added to the outstanding balance of the Charge and shall bear interest and be secured as part of the Indebtedness. The Bank retains the right to collect from the Chargor the withholding tax and to remit same on the Chargor's behalf.

44. Interpretation

It is hereby agreed and declared that:

(a) the expression "the Chargor" shall include the heirs, executors, administrators, successors and assigns of the Chargor;

(b) the expression "the Chargee" shall include the successors and assigns of the Chargee;

(c) the expression "the Bank" shall include the successors and assigns of the Bank;

(d) the words in the singular include the plural, and words in the plural include the singular;

(e) the words importing the masculine gender include the feminine and neuter genders where the context so requires and vice versa;

(f) that all covenants, liabilities, and obligations entered into or imposed hereunder upon the Chargor shall be equally binding upon his, her or their respective heirs, executors, administrators, successors, and assigns;

(g) that all such covenants, liabilities and obligations shall be joint and several; and

(h) that all rights, advantages, privileges, immunities, powers and things hereby secured to the Bank shall be equally secured to and exercisable by its successors and assigns.

(i) any reference to any statutes or legislation shall be deemed to be a reference to such statute and any and all regulations from time to time made under such statute and to such statute and regulations as amended or re enacted from time to time. Any references in this document to a specific section or sections, paragraph or clause of any statute or regulation shall be deemed to include a reference to any corresponding provision of future law.

45. Headings

The paragraph headings herein are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

46. Date of Charge

This Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of signature thereof by the first named Chargor.

Dated the 11th day of March, 2008

Korea Exchange Bank of Canada

Per:____________________________

JAE-WOONG KIM
Vice-President,
Korea Exchange Bank of Canada

I have authority to bind the
CORPORATION

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200805 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200806 Cote
Filing Date April 9th 2008 Date de Dépôt
Page 1 of/de 29 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

FirstLine
MORTGAGES

Standard Charge Terms

Land Registration Reform Act

Filed By	CIBC Mortgages Inc.
Filing Number:	
Filing Date	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the *Act*.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means

- the registered document which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the registered document; and
- any renewals or amendments.

You and **your** mean each person, corporation, and other entity who has signed the Mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, **us**, and **our** mean CIBC Mortgages Inc. trading as FirstLine Mortgages.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described in the registered document. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal Amount is the amount of money identified as the principal amount in the registered document.

Loan means the amount of money advanced to you under this Mortgage at a fixed rate of interest or at a floating rate of interest based on the CIBC Prime Rate, as shown on the schedule to the registered document. If the Loan has a fixed rate of interest, it is referred to as the Fixed Rate Loan. If the Loan has a floating rate of interest based on the CIBC Prime Rate, it is referred to as an Adjustable Rate Loan.

Loan Amount means the amount of money you owe at any given time under the Loan.

Initial Loan Amount is the amount shown in the schedule to the registered document as the "Initial Loan Amount."

Line of Credit means the Line of Credit secured by this Mortgage on which interest is payable at a floating rate of interest based on the CIBC Prime Rate as shown in the schedule to the registered document. The credit limit of the Line of Credit at any given time is equal to the Principal Amount less the Loan Amount.

Line of Credit Amount means the amount of money you owe at any given time under the Line of Credit.

Line of Credit Debt means all your present and future debt to us in connection with the Line of Credit. This debt could include interest, service charges and other amounts payable under the Line of Credit as stated in the Mortgage.

Total Debt means the total of the following amounts:

- the Principal Amount;
- interest as required by this Mortgage;
- interest on unpaid interest; and
- all other amounts that you must pay under this Mortgage.

Interest Adjustment Date is the date identified as the interest adjustment date in the registered document. The Interest Adjustment Date is one payment period before the first regular payment date.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time. You can find out what the CIBC Prime Rate is on any given day by calling us toll free at 1-800-970-0700 in Canada or by visiting our web site at www.firstline.com.

Current Mortgage Rate is the interest rate in effect at any particular time.

Your regular payment means the amount of each payment as described in the registered document.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the Interest Adjustment Date and each anniversary of the Interest Adjustment Date.

2. What this Mortgage does

By signing the Mortgage, you charge your entire interest in your property to us. In return, we make a loan to you that consists of:

- the Initial Loan Amount or any part of the Loan Amount that is advanced to you from time to time; and
- a Line of Credit Amount that is available to you.

This means that your interest in your property is security to us for repayment of the Total Debt and your performance of all your obligations under the Mortgage.

You agree to pay the Total Debt as required by the Mortgage, and to meet all of your other obligations under this Mortgage, including paying all taxes on your property.

2.1 Maximum amount secured

The maximum amount secured under this Mortgage is the Total Debt.

2.2 Continuing security (applies to the Line of Credit)

Your security under this Mortgage, whether or not it secures a revolving or fluctuating balance, is continuing security for the Line of Credit Debt even if any of the following occurs:

- there is any change in the amount or nature of the Line of Credit Debt or any accounts relating to the Line of Credit Debt; or
- the Line of Credit Amount is reduced to zero.

This means that the Mortgage will not be considered to have been discharged if either of these occurs.

2.3 Accessing your Line of Credit

You can access the Line of Credit in a variety of ways, including cheques, internet banking, telephone transfers and by pre-authorized debit. All cheques or withdrawals may only be in Canadian funds.

All transfers of funds from the Line of Credit to any other account are treated as increases to the Line of Credit Amount. Transfers can be made to another account with CIBC, its affiliates, or any other entity.

Funds withdrawn on the Line of Credit through internet or electronic banking will be withdrawn on the date you instruct us to withdraw the funds. Not all financial institutions process electronic transactions within the same time period. As a result, you should give withdrawal instructions several business days before the date you wish the funds to be transferred to another account. We will not be responsible for processing delays by other financial institutions.

2.4 Multiple Loans

You cannot have multiple Loans secured by this Mortgage.

2.5 *Your interest in your property*

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this Mortgage.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the Mortgage. You must pay these amounts to us immediately. If you do not pay them, we may: (i) declare you in default on the Mortgage, or (ii) add these amounts to the Loan Amount [or Line of Credit Amount, as applicable], or (iii) do both.

2.6 *Who is obligated by this Mortgage*

The obligations under this Mortgage are the collective and individual responsibility of each person, corporation or other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this Mortgage and paying the Total Debt, even if others have also signed this Mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this Mortgage. Our successors and anyone to whom we transfer this Mortgage is also obligated by this Mortgage.

2.7 *Changing or renewing this Mortgage*
(also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this Mortgage. These agreements could include renewing the Mortgage, amending the Mortgage, or extending the length of time for the Mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the Mortgage. Even if we do not register these agreements, this Mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the Mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the Total Debt will not release or affect the liability of others who are obligated under this Mortgage, even if they do not sign or are not advised of the new agreement.

Anyone having a subsequent interest in the property is obligated under this Mortgage for the repayment of the Total Debt. This is the case even if the Principal Amount is not fully advanced or whether the Total Debt is reduced to zero.

2.8 *Making material changes*

Any agreement, whether verbal or in writing, to make material changes to the Mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Mortgage agreement, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the Mortgage.

2.9 *Mortgages with deposits* (applies to the Loan)

If required under the terms of your Loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the Initial Loan Amount advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the Loan Amount and the monthly payment will be adjusted to reflect the lower Loan Amount. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 Interest on the Loan

(applies ONLY to Fixed Rate Loans)

The interest rate on the Loan is shown in the schedule to the registered document. Interest is payable at the frequency shown in the schedule to the registered document.

Interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the Mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

Interest is payable on the Loan Amount at this rate until the Loan Amount has been paid, both before and after the balance due date in the schedule to the registered document, before and after default, and before and after we obtain any court judgment against you.

If you do not make the regular Mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is the rate shown in the schedule to the registered document for the Loan and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

(applies ONLY to Adjustable Rate Loans)

The interest rate on the Loan is shown in the schedule to the registered document. Interest is payable at the frequency shown in the schedule to the registered document.

Because the interest rate on your Loan is variable, the interest rate in effect at any particular time is your Current Mortgage Rate for the Adjustable Rate Loan.

The interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown in the schedule to the registered document. The CIBC Prime Rate will vary from time to time. The principal and interest Loan payment will be recalculated every time the CIBC Prime Rate changes, based on the Current Mortgage Rate and the remaining amortization period of the Mortgage.

Interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the Mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is payable on the Loan Amount at this rate until the Loan Amount has been paid, both before and after the balance due date in the schedule to the registered document, before and after default, and before and after we obtain any court judgment against you.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Within a reasonable time after each change in the CIBC Prime Rate, we may send you a letter telling you the Current Mortgage Rate, and the date it became effective, and if applicable, the new principal and interest Loan payment amount. We will mail this letter to the address we have on file for you. The interest rate will still vary whether or not we have sent you a letter about the change and whether or not you have received the letter. However, if we do send you the letter, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime

Rate until a reasonable time after the letter was sent to you. You can find out what the CIBC Prime Rate is on any given day by calling us toll free at 1-800-970-0700 in Canada or by visiting our web site at www.firstline.com.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.2 Interest on the Line of Credit

The interest rate on the Line of Credit will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown in the schedule to the registered document for the Line of Credit. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the Current Mortgage Rate and the remaining amortization period of the Mortgage.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Because the interest rate on your Line of Credit will change from time to time, the interest rate in effect at any given time is your Current Mortgage Rate for the Line of Credit.

Interest is payable monthly as shown in the schedule to the registered document and is compounded monthly based on the daily balance of your Line of Credit Debt. Although the annual interest rate is based on a full year, if the Mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

We charge you interest on all amounts you borrow on your Line of Credit. We charge interest from the day we record the transaction until the day we receive the amount you owe. Interest is shown on your monthly statement. Interest that accumulates before we receive your payment will appear on your next monthly statement. You must pay interest both before and after any of the following events:

- we ask you to pay the total amount you owe on your Line of Credit;
- you do not meet your obligations under this Mortgage;
- you become bankrupt or insolvent;
- you have any legal action taken against you or your property; or
- we obtain a court order instructing you to pay us the money you owe.

The information in Appendix 1 is provided to you because the interest rate charged on the Line of Credit may be expressed other than as a semi-annual calculation and because the interest rate may change from time to time. For each Current Mortgage Rate calculated monthly not in advance, you can find what the equivalent interest rate is calculated half-yearly not in advance.

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.3 Interest on amounts advanced to you before the Interest Adjustment Date (applies only to the Loan)

Interest on any part of the Loan that we advance to you before the Interest Adjustment Date will be calculated semi-annually not in advance at the interest rate for the Loan shown in the schedule to the registered document, on the date of advance.

3.4 Interest adjustment when payment frequency changes (Applies only to the Loan)

If you are not in default on your Loan, you may change your payment frequency to any of the options available for your type of Mortgage at the time you make the change. If you choose to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your Loan, or we may add the interest adjustment and administration or processing fees to the Loan Amount, or we may do both.

3.5 U.S.A. resident

If you are, or if during the term of the Mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your Mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your Mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the Mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the Mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the Loan Amount

4.1 Currency and place of payment

You will pay the Loan Amount to us in Canadian dollars at the address shown on the registered documents.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes and any other optional services you have selected when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your Mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we take. If you do not immediately pay us these fees, we may declare that you are in default on your Loan, or add these fees to the Loan Amount, or do both.

4.3 Regular payments

You must make regular payments to us for the principal and interest on the Loan. The amount of each payment and the payment dates are shown in the schedule to the registered document. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the Loan Amount on the balance due date. You can find the balance due date in the schedule to the registered document.

4.4 Payments on amounts advanced to you before the Interest Adjustment Date

We may advance to you part of the Principal Amount before the Interest Adjustment Date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the Interest Adjustment Date:

- we may ask you to pay the interest on this amount on the Interest Adjustment

Date;

- we may deduct the interest from your bank account on the Interest Adjustment Date;
- we may deduct the interest from the remaining amount of the Loan that we advance to you; or
- we may deduct the interest from your bank account on the first Loan payment date.

4.5 Payment on default

If you do not meet one or more of your obligations under the Mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes and any other optional services you have selected on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the Loan Amount. We may also use any of our rights stated in section 4.6 below.

4.6 Demand to repay the Total Debt immediately

We may require you to repay the Total Debt immediately if:

- you do not make any payment required by the Mortgage;
- you do not meet one or more of your obligations under the Mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this Mortgage, or when you applied for the Mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days;
- your property is abandoned;
- you are unable to pay your debts when they are due or you become bankrupt or insolvent; or
- you do not make any payment or meet your obligations under any other loan with us, CIBC, or the affiliates of either us or CIBC, even if the loan is not secured by this Mortgage.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this Mortgage.

4.7 How we apply your Loan payments

We will apply each regular Loan payment we receive from you in the following order:

1. To bring into good standing any accounts related to the Mortgage for which we are holding funds for payment to others, including tax accounts.
2. To pay for the cost of optional services made available by us and selected by you.
3. To pay any collection expenses or any applicable administration and processing fees.
4. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the Principal Amount accumulated up to, but not including, the payment date.
5. To reduce the Principal Amount.

However, if you do not meet one or more of your obligations under your Mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

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4.8 *Changing the amount of your Loan payments*

To qualify for increasing or decreasing your Loan payments, you must meet the following conditions:

- you must have met all your obligations under the Mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future Mortgage Years.

(applies ONLY if you have a Fixed Rate Loan)

Each Mortgage Year, you have the privilege of increasing the amount of your regular Loan payment by up to 25% of the amount of your original Loan payment without paying a prepayment charge. The original Loan payment amount for principal and interest is shown in the schedule to the registered document.

Once each Mortgage Year you may also decrease the amount of your regular Loan payment, but only if the amortization period for the Mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization for the Loan.

In all cases, your payment for principal and interest on the Loan may never be less than your original Loan payment for principal and interest, as shown in the schedule to the registered document.

(applies ONLY if you have an Adjustable Rate Loan)

Each Mortgage Year you have the privilege of increasing the amount of your regular payment to any amount, without paying a prepayment charge, as long as the resulting amortization period is not less than five years.

Once each Mortgage Year, you may also decrease the amount of your regular payment as long as the resulting amortization period is not longer than the remaining time left in the original amortization period.

4.9 *Prepaying your Loan without paying a prepayment charge*

Each Mortgage Year, you may prepay up to 20% of the Initial Loan Amount without paying a prepayment charge.

The following conditions apply:

- you may only make a prepayment on a regular Loan payment date;
- the minimum prepayment is $100.00;
- if you do not use any or all of this privilege in a Mortgage Year, you cannot carry forward any unused portion of the privilege to a future Mortgage Year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire Loan Amount, even if you have not used this privilege in the Mortgage Year when the Loan Amount is paid off;
- you must have met all your obligations under the Mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.10 *Prepaying your Loan with prepayment charges*

If you want to prepay more than the 20% allowed in any Mortgage Year, a prepayment charge will apply. Prepayment charges will be payable in addition to regular interest at the interest rate specified in the schedule to the registered document for the Loan and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the Mortgage payout statement

If you want to prepay the **entire** outstanding Loan Amount, you can ask us to provide you with a statement of the amount required to pay off your Loan Amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any Mortgage payments, or any other payments that we receive, between the date we prepare the Mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular Loan payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your Mortgage.

If you do not pay off your Loan on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all Loan payments, and any other payments, that we did not process between the date we prepared the Loan payout statement and the Statement Effective Date.

After the end of the fifth year of your Mortgage

If the term of your Loan is greater than five years and you are not a corporation, you may prepay the entire outstanding Principal Amount of the Loan at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at the interest rate set out in the schedule to the registered document for the Loan.

Before the end of the fifth year of your Mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the Mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepayment charge calculation
(applies ONLY if you have a Fixed Rate Loan)

If you want to prepay more than the 20% allowed in any Mortgage Year, a prepayment charge will apply.

This prepayment charge will be payable in addition to regular interest at the rate specified in your Mortgage. The prepayment charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual Loan interest rate on the date of prepayment (plus any discounts you received on your existing annual Loan interest rate); or
- the interest rate differential amount.

If you are making a **partial** prepayment of the Loan Amount (that is more than the 20% allowed in any Mortgage Year), the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your Loan. The interest costs are calculated at your existing annual Loan interest rate (plus any discount you received on your existing annual

interest rate).

2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your Loan. Use the chart below to find out what interest rate would be used in calculating the reinvestment rate:

If the length of time between the prepayment date and the maturity date of your Loan is:	We will use the posted interest rate charged by us on the date of prepayment for:
Less than 9 months	FirstLine Mortgages Auto 6 Plus mortgages
9 months or greater and less than 18 months	FirstLine Mortgages Auto 12 Plus mortgages
18 months or greater and less than 30 months	2 year FirstLine Mortgages Matrix Fixed Rate Loans
30 months or greater and less than 42 months	3 year FirstLine Mortgages Matrix Fixed Rate Loans
42 months or greater and less than 54 months	4 year FirstLine Mortgages Matrix Fixed Rate Loans
54 months or greater and less than 78 months	5 year FirstLine Mortgages Matrix Fixed Rate Loans
78 months or greater and less than 102 months	7 year FirstLine Mortgages Matrix Fixed Rate Loans
102 months or greater and less than 150 months	10 year FirstLine Mortgages Matrix Fixed Rate Loans
150 months or greater and less than 180 months	15 year FirstLine Mortgages Matrix Fixed Rate Loans

If you are prepaying **all** of the outstanding Loan Amount, the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount prepaid charged from your last scheduled regular Loan payment date which falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your Loan. The interest costs are calculated at your existing annual Loan interest rate (plus any discount you received on your existing annual Loan interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from your last scheduled Loan payment date that falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your Loan. Use the chart below to find out what interest rate would be used to calculate the reinvestment rate:

If the length of time between the statement effective date and the maturity date of your Loan is:	We will use the posted interest rate charged by us on the date the Loan payout statement is generated for:
Less than 9 months	FirstLine Mortgages Auto 6 Plus mortgages
9 months or greater and less than 18 months	FirstLine Mortgages Auto 12 Plus mortgages
18 months or greater and less than 30 months	2 year FirstLine Mortgages Matrix Fixed Rate Loans
30 months or greater and less than 42 months	3 year FirstLine Mortgages Matrix Fixed Rate Loans
42 months or greater and less than 54 months	4 year FirstLine Mortgages Matrix Fixed Rate Loans
54 months or greater and less than 78 months	5 year FirstLine Mortgages Matrix Fixed Rate Loans
78 months or greater and less than 102 months	7 year FirstLine Mortgages Matrix Fixed Rate Loans
102 months or greater and less than 150 months	10 year FirstLine Mortgages Matrix Fixed Rate Loans
150 months or greater and less than 180 months	15 year FirstLine Mortgages Fixed Rate Loans

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Prepayment charge calculation
(applies ONLY if you have an Adjustable Rate Loan)

If you want to prepay more than the 20% allowed in any Mortgage Year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 20% allowed in any Mortgage Year. The interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding Loan Amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the Mortgage payout statement.

4.11 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.12 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your Mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.13 Date of the Mortgage

You agree that for purposes of defining the date of the Mortgage for any statutory right of prepayment, renewal or early renewal, the date of the Mortgage is the Interest Adjustment Date shown in the registered document. This is the case even if the Mortgage or renewal agreement or early renewal agreement was signed on a different date.

5. Payments on the Line of Credit Amount

5.1 Currency and place of payment

You will pay the Line of Credit Amount to us in Canadian dollars at the address shown on the registered documents.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

5.2 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes and any other optional services you have selected when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your Mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your Loan, or add these fees to the Line of Credit Amount, or do both.

5.3 Regular payments

Until we demand payment of the total Line of Credit Debt, you must make regular monthly payments of interest only on the Line of Credit Amount. The minimum payment is $50 plus service charges. If the Line of Credit Amount is less than $50, you must pay the entire Line of Credit Amount together with applicable services changes on the next Line of Credit payment date.

5.4 *Additional payments*

You can make additional payments on the Line of Credit Amount at any time.

5.5 *Monthly statements*

For your information and convenience, monthly statements dated the 18th day of each month will be made available to you showing the required payment on the Line of Credit for the period covered by the statement. Each monthly payment is due 21 days after the date of the statement, whether or not you have accessed or received your monthly statement. If the payment due date is a holiday or weekend, the payment may, at our option, be processed on the next business day.

You must report any errors or omissions on the monthly statement to us, in writing, within 30 days of the date of the statement. After that 30th day, the monthly statement will be final (except for any improper credits), and you may not make any claims against us in connection with the monthly statement.

You must report to us immediately if your cheques or any card you use to access your Line of Credit are lost or stolen, or if you suspect that they have been lost or stolen.

5.6 *How we apply your payments*

We may apply any money that we get to reduce your Line of Credit Debt as we see fit (unless you and we sign an agreement to the contrary) and any credit balance may, at our option, be applied to any other part of the Total Debt in the order shown in section 4.7 above.

5.7 *Demand for payments*

We may demand that you repay the total Line of Credit Amount at any time. If we do this, we will make demand either by delivering the demand to you personally or mailing it (by first class mail) to the address shown in our records. You will be considered to have received the demand letter on the date of delivery or the fifth day after we mail it.

Your giving us this Mortgage does not prevent us from using any other means to obtain repayment of the Line of Credit Debt.

5.8 *If you fail to make a payment when it is due*

If at any time you do not pay any amount due under the Mortgage (whether for the Line of Credit or the Loan) or fail to meet any of your obligations under the Mortgage, we may, at our discretion:

- refuse to advance any further credit under the Line of Credit;
- refuse any withdrawal on the Line of Credit;
- cap the Line of Credit Amount; and
- convert the Line of Credit Amount into the Loan.

If a withdrawal would exceed the Principal Amount less the Loan Amount we may refuse the withdrawal on the Line of Credit or require immediate repayment of the amount that is more than the Principal Amount less the Loan Amount.

If you do not make a payment when it is due or do not meet any of your obligations in this Mortgage, in addition to interest, we may impose charges for the purpose of recovering any reasonable costs we incur for the following:

- for legal services retained to collect or attempt to collect the payment;
- in realizing on any security interest or in protecting such security interest, including the cost of legal services retained for that purpose; and
- any service charges.

You must pay us these amounts immediately. If you do not, we may: (i) declare that you are in default on your Line of Credit, or (ii) add these amounts to the Line of Credit

Amount, or (iii) do both.

5.9 Service Charges

You will pay applicable service charges relating to your Line of Credit. Service charges may be changed from time to time and will be reflected on your monthly statement.

6. Re-advances of the Loan

At your request, we may from time to time re-advance any amount of the Initial Loan Amount which has been repaid by you to us. Any re-advance is at our sole discretion.

Any re-advance, when taken together with the Loan Amount outstanding immediately before the re-advance is made, cannot be more than the Initial Loan Amount. Also, at any given time, the Total Debt cannot be more than the Principal Amount.

All of the terms and conditions of the Mortgage will apply to all amounts re-advanced under the Loan.

If the re-advance causes the amortization period of the Loan to increase beyond the amortization period remaining immediately before the re-advance, we may require that you increase the amount of your regular Loan payments.

7. Early renewal of the Loan
(applies ONLY if you have a Fixed Rate Loan)

If the Mortgage is amended to extend the Loan term, the date of the Mortgage for the purpose of any rights of prepayment will be the first day of the last extension of time. All of the prepayment conditions stated in these Standard Charge Terms will continue to apply.

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your Mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the Mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the Mortgage;
- you must apply to us in writing;
- you must select from the Matrix mortgage options that we offer under the FirstLine Mortgages brand at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the Loan interest rate will be the interest rate that is in effect for the Matrix mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us applicable prepayment charges as if the Loan Amount is prepaid in full at the time of the early renewal;
- you must pay us any accumulated interest that results from a change in the frequency of your regular Loan payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your Mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may: (i) declare that you are in default on the Mortgage, or (ii) add these amounts to the Loan Amount or Line of Credit Amount, or (iii) do both.

8. Converting your Loan

(applies ONLY if you have an Adjustable Rate Loan)

If you have met all of your obligations under the Mortgage you may convert your Adjustable Rate Loan into a Fixed Rate Loan, which will have the interest rate and terms that we offer to you at the time you convert.

The following conditions apply:

- you must apply in writing to our Mortgage Servicing Division. Your request for conversion must be signed by all borrowers and guarantors;
- we may require you to sign a mortgage conversion or amending agreement, which will contain all of the changed terms and conditions applicable to the Fixed Rate Loan. If we do not, your letter will be binding on you and we will rely on it;
- you will receive a discount of 0.30% per year or more below FirstLine's posted interest rate for the Fixed Rate Loan portion of a Matrix mortgage on the date of conversion. If we provide you with a conversion or amending agreement, the date of conversion will be set out in the agreement. Otherwise the date of conversion will be the date we receive your request for conversion signed by all borrowers and guarantors;
- the new payments at the new interest rate will begin on the first or second scheduled payment date following conversion, whichever we decide; and
- we will not charge you an administration fee for converting your Loan. However, you must pay us any applicable administration and processing fees, and any interest that results from a change in the frequency of your regular Loan payments, as well as any deferred interest. You must also pay all legal expenses related to the conversion documents and their registration, if applicable.

You must pay us all amounts related to converting your Loan immediately. If you do not pay them, we may declare that you are in default on the Mortgage, or we may add these amounts to the Loan Amount, or we may do both.

Once the Loan has been converted, the prepayment privileges of the original Loan will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement, whether or not you have signed it.

9. Automatic renewal of the Mortgage
(applies ONLY to the Loan)

You agree to either pay all money owing under the Mortgage on the maturity date or, if a renewal agreement has been provided, to return the signed renewal agreement on or before the maturity date. If you do not, the Mortgage will be considered to be renewed as a two year fixed rate Matrix mortgage with terms and conditions stated in the renewal agreement. The interest rate will be the posted interest rate for the term and with the terms and conditions stated in the renewal agreement.

10. Your obligations related to your property

10.1 Leases and Rents

You certify that your property is intended to be used as owner-occupied residential premises and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property.

If you do not meet one or more of your obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the Total Debt immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the Loan Amount or the Line of Credit Amount.

We have the right to decide whether to add these payments to the Loan Amount or the Line of Credit Amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property. We will be accountable for rent only when we actually receive it.

Nothing we do under this section will be considered as us taking possession of your property.

If you are not meeting one or more of your obligations under the Mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

10.2 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

10.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the Mortgage, or we may add these amounts to the Loan Amount, or we may do both.

10.4 Insurance
(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the Loan Amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the

Mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your Mortgage, or add the amount to the Loan Amount, or Line of Credit Amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this Mortgage. You must pay all expenses related to this. You agree that if we produce the Mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this Mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the Loan Amount, or the Line of Credit Amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

10.5 Property taxes

On or before the Interest Adjustment Date, we may withhold from any advance under the Mortgage any amount we feel necessary to pay current or future taxes.

After the Interest Adjustment Date, and for so long as there is an amount outstanding on your Loan, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the Loan Amount or the Line of Credit Amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

We will pay property taxes on your behalf until the Loan is paid in full. After the Loan is paid in full, you will be responsible for payment of your property taxes, and we will send letters notifying you and your municipality that we will no longer be paying your property taxes.

If you do not meet any one or more of your obligations under the Mortgage, we may apply any money that we have received for property taxes to any portion of the Loan Amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to any portion of the Loan Amount or the Line of Credit Amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

10.6 Repairs

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may: (i) declare that you are in default on your Mortgage, or (ii) add the costs to the Loan Amount or the Line of Credit Amount, or (iii) do both.

10.7 Hazardous or illegal substances, environmental regulations, and illegal activities

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your Mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we enforce our rights under this section, we will not be considered to have taken possession, management or control of your property. This also applies to our agents.

10.8 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

10.9 Possession of your property on default

You certify to us that if you fail to meet any of your obligations under the Mortgage, we may take possession of your property without any encumbrances or interference.

11. Condominium

(applies ONLY to property that is a condominium unit)

11.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

11.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the Mortgage, or add these amounts to the Loan Amount or the Line of Credit Amount, or do both.

11.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the

condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

11.4 Voting rights

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

11.5 Acceleration of repayment of the Total Debt

At our option, the Total Debt will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 11.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

11.6 Insurance

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or

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- reduce any part of the Total Debt whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

12. Our rights

12.1 We are under no obligation to make advances to you under the Mortgage

We may, for any reason, decide not to advance you all or any part of the Principal Amount, even if:

- you have signed this Mortgage;
- this Mortgage has been registered; or
- we have already given you part of the Principal Amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the Mortgage. These costs will include legal fees and expenses, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the Mortgage, or add them to the Loan Amount or the Line of Credit Amount, or do both.

12.2 Releasing your property from the Mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the Total Debt. Your obligations, and the obligations of any guarantor, under the Mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the Total Debt.

12.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the Mortgage or Total Debt, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property**. We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference. We will add any costs incurred to the Loan Amount or the Line of Credit Amount.
- **Appoint a receiver**. We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the Mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:

  - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
  - its own commission as receiver;
  - all amounts required to keep any encumbrances ranking in priority to the Mortgage in good standing;
  - interest owing under the Mortgage; and
  - all or any part of the Total Debt, whether it is due or not.

- **Sue you**. We may take any action that is necessary to collect the Total Debt.
- **Lease your property or collect rents**. If you are in default on the Mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the Mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the Mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the Total Debt. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the Total Debt in full, you must pay us the difference.
- **Power of sale**. If you are in default on the Mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale (after paying all costs and expenses) to reduce any part of the Total Debt. We will only be responsible for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the Total Debt in full, you must pay us the difference.
- **Foreclosure or sale**. We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the Total Debt, you must pay us the difference.
- **Cure any defaults**. We can cure any defaults under the Mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees and expenses will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the Mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

12.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the Mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this Mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the Mortgage;

- require payment of the Total Debt if you are in default; and
- require any other person, including a guarantor, who has obligations under the Mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this Mortgage, including any guarantor, to pay the total Total Debt.

12.5 *If we do not enforce our rights on a particular default*

In some cases, we may not enforce our rights on a particular default by you or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

12.6 *Court orders and judgments*

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the Mortgage, including our right to receive interest as required by the Mortgage.

12.7 *Doctrine of consolidation*

The doctrine of consolidation will apply to the Mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

12.8 *Administration and processing fees*

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your Mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the Loan Amount or the Line of Credit Amount. We will charge you interest on these fees at the Mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your Mortgage, or add these fees to the Loan Amount or the Line of Credit Amount, or do both.

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We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available by contacting us.

12.9 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the Mortgage. Also, we can pay all expenses that we incur in collecting any payment under the Mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the Mortgage, or add these amounts to the Loan Amount or the Line of Credit Amount, or do both.

If you do not meet one or more of your obligations under the Mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this Mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the Mortgage, or add these amounts to the Loan Amount or the Line of Credit Amount, or do both.

Any payments we make under the Mortgage will be added to the Total Debt. We will charge you interest on these payments from the date we pay them at the interest rate for the Loan specified in the registered document. Any interest that accrues as a result of changes requested by you to frequency of payments or to the regular payment date for the Loan will be paid by you or added to the Loan Amount and charged interest at the rate for the Loan specified in the schedule to the registered document.

We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the Mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

If the sum of the Loan Amount and the Line of Credit Amount at any time exceeds the Principal Amount, we have the right to decide what part of the Loan Amount and what part of the Line of Credit Amount is secured by this Mortgage.

13. What happens if your property is sold or transferred

This Mortgage is not transferable. If you transfer title to your property to anyone, (this includes removing any current mortgagor(s)/guarantor(s) or adding new mortgagor(s)/guarantor(s)), or agree to do so, the Total Debt or such part of it as we specify will, at our option, immediately become payable in full. This will be considered a prepayment and will be subject to processing and administration fees including an administration fee as calculated under paragraph 4.10 on the Loan Amount at the time of the deemed prepayment. Accepting any payment(s) from any person will not mean that we have granted approval or that we have given up our right to require you to pay the Total Debt immediately.

14. Assumption of the Mortgage

This Mortgage cannot be assigned by you or assumed by any other person or persons. Any person dealing with this Mortgage is advised that only the borrower may access money under the Line of Credit. If, despite this, title to your property is transferred and money is accessed by you or by the transferee after the transfer, you and the transferee will be responsible together and individually for repayment of the Total Debt.

Any payment which we accept from any person other than you will not mean we have waived this paragraph which prohibits assignment of the Mortgage by you and assumption of the Mortgage by any one other than you.

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15. Guarantee

Each person who signs the Mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the Total Debt as and when required by the Mortgage; and
- to meet all other obligations of the borrower under the Mortgage.

Each guarantor agrees to this in return for us making the Loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the Mortgage. This means that each individual guarantor is responsible for meeting all obligations under the Mortgage, including payment of the Total Debt.

We may, at any time or times do any of the following, without notifying any guarantor, and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the Mortgage, and
- deal with any other matter affecting the Mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

16. Portability

If you have met all your obligations under the Mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arms-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arms-length."
- On the date you complete the sale of your original property, an amount sufficient to pay the outstanding Total Debt, interest to the date of the new mortgage, any amount available under the Line of Credit, even if it is not advanced and any prepayment charges and administration fees due under this Mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not registered within 90 days, we will apply the amount held by us to prepay the Mortgage in full, including any prepayment charges and administration fees that may apply.
- You will continue to make regular payments under this Mortgage.
- The Mortgage must be transferred to the new property without any changes in outstanding balance, interest rate, and terms and conditions described in these Standard

Charge Terms.

- Our mortgage approval criteria and requirements for documentation in effect at the time you make your application will apply and must be met. You will be responsible for paying all administration and processing fees, all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

17. Expropriation

If your entire property is expropriated, the Total Debt will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the Loan Amount or the Line of Credit Amount, whichever we choose. If, in our opinion, the remainder of your property does not provide adequate security for the Principal Amount, then the Total Debt, or any part of the Total Debt as we determine, will immediately become due and payable, plus any loss of interest.

18. *Family Law Act*

You certify to us that all information that you gave us about your marital status and your property when applying for the Mortgage, and the statements made in the registered documents are true and accurate under the *Family Law Act*.

19. If part of the Mortgage is not valid

If any part of the Mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the Mortgage will not be affected.

20. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the Mortgage.

21. Reference to laws

Any reference to legislation in the Mortgage includes amendments and replacements to that legislation in force from time to time.

22. Electronic, written and oral communications

If more than one person signs the Mortgage as borrower we can rely on communications we receive from any one of you, whether these communications are received electronically, in writing, orally or otherwise. This means, these communications from any one of you will be considered to be communication from all of you.

Cheques written by any one of you will be considered to have been authorized by all of you.

In addition, communications from us to any one of you, whether these communications are delivered electronically, in writing, orally or otherwise, will be considered to be communication to all of you. Items mailed to you will be considered to have been received by you on the fifth day after mailing.

23. Collecting, Using, and Disclosing Your Personal Information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your Mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this Mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, insure, maintain and collect upon your Mortgage. We will use and disclose your personal information according to Firstline's privacy policies which are outlined in Firstline's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting us or visit www.firstline.com.

You agree that we may enter into this Mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this Mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this Mortgage. You also agree that we may insure this Mortgage with CMHC or other mortgage insurer approved by us from time to time. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the Mortgage and to any mortgage insurer. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the Mortgage; or
- provides services or benefits to you under the Mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your Mortgage application, and ongoing information and documentation about you and your Mortgage sufficient for the beneficial owner, agent, assignee and service provider to administer the Mortgage and exercise their rights under it.

24. Discharge

After you have paid us the Total Debt, if you ask us for a discharge, we will sign a discharge and send it to you within a reasonable time. We have the right to refuse a discharge of this Mortgage until any charges or returned cheque amounts that arise after the discharge statement is prepared are paid.

For purposes of calculating per diem interest, funds received after 3:00 p.m. on any business day will be considered to be received on the next business day.

You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses. You will pay us these fees whether the discharge is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge on the title to your property and to pay the registration fee. If electronic registration is available for your Mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

Appendix 1
Equivalent Interest Rates

If the interest rate specified in your Mortgage is compounded monthly not in advance, you may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below.

MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY
1.000	1.00209	**9.000**	9.17045	**17.000**	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	18.55403
2.000	2.00835	**10.000**	10.21066	**18.000**	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49766
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028

DATED at Toronto, this 5 day of April, 2008

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200806 Cote

Patricia Knight
Solicitor for CIBC Mortgages Inc.

EQUITABLE
TRUST COMPANY

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200807 Cote
Filing Date APRIL 17 2008 Date de Dépôt
Page 1 of/de 37 Pages

DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT (ONTARIO)

THE EQUITABLE TRUST COMPANY

SET OF STANDARD CHARGE TERMS

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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EQUITABLE
TRUST COMPANY

Land Registration Reform Act
Set of Standard Charge Terms

Filed by: **The Equitable Trust Company**

The following set of standard charge terms is deemed to be included in every Charge/Mortgage of Land in which this set of standard charge terms is referred to by its filing number, as referred to in Section 9 of the *Land Registration Reform Act*.

This document sets out important terms which apply to the Mortgage and are actually part of the Mortgage. We recommend you read this carefully, and you may want to discuss the terms of the Mortgage with a lawyer.

This document describes the financial institution (mortgagee), who is lending you the money, as "We". The definition of "we" also includes "us", "our" and "ETC".

This document describes the person who is being loaned money and pledging the Mortgage on your Property as "You" or "you". The definition of "you" also includes "your". 'You' also includes anyone who guarantees your payments and Promises.

We are lending you money and we protect our interests through the Mortgage on your Property, which gives us certain rights, if you do not do what you promise to do. The specific terms that apply to your Mortgage (for example, the interest rate) are set out in a document that you sign and is registered, or which is authorized by you, prepared in electronic format and registered electronically. We call this the Registered Mortgage.

Generally, when a word is capitalized, the word is defined in Article 1. You should read Article 1 carefully.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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PART A - GENERAL PROVISIONS (Applicable to all Mortgages)

ARTICLE 1
DEFINITIONS

1.01 Definitions

In this set of Standard Charge Terms and in any Mortgage incorporating these Standard Charge Terms, the following words have the following meanings:

"*Amendment*" means any document or agreement Approved by both you and ETC that changes any term of the Mortgage, including, without limitation, changes to the amount of a Regular Payment, changes to the frequency of payments and any agreement renewing or extending the Mortgage.

"*Approved*" means agreed to in writing. "Approve, "Approves" and "Approval" have corresponding meanings.

"*Balance Due Date*" means the date the Principal Amount is due and payable as indicated in the Mortgage or other date Approved by you and ETC. This date is the same date as the Last Payment Date.

"*Business Day*" means a day other than a Saturday or a Sunday, on which the principal commercial banks in Toronto, Ontario are open for commercial banking business during normal banking hours.

"*Collateral Loan Debt*" means all present and future amounts owing by you to ETC other than Fixed Rate Debt and Variable Rate Debt, including Interest, pursuant to a Mortgage on the Property, a line of credit agreement, loan agreement, guarantee or any other document that you have agreed will be secured by the Property. Without limiting the previous sentence, Collateral Loan Debt includes any debt, past, present or future, direct or indirect, absolute or contingent, matured or not, remaining unpaid by you to ETC, in any currency, whether arising from dealings between you and ETC or from any other dealings or proceedings by which ETC may in any manner be or become your creditor, however incurred, whether incurred by you alone or with others and whether as principal or as surety.

"*Collateral Loan Interest Rate*" means the annual interest rate applicable to a Collateral Mortgage.

"*Collateral Loan Principal Amount*" means the portion of the Principal Amount that bears Interest at the interest rate or rates set out in the Credit Documents.

"*Collateral Mortgage*" means the Collateral Loan Debt.

"*Commitment*" means a document Approved by both you and ETC in which ETC commits to providing you with mortgage financing, including an advance, a loan or a line of credit, which sets out the terms of that mortgage financing and which may include the disclosure of the cost of borrowing mandated by the *Trust and Loan Companies Act* (Canada).

"*Common Expenses*" means the expenses related to the performance of the objects and duties of the Condominium Corporation and all expenses specified as common expenses in the *Condominium Act* or in the Declaration.

"*Condominium Act*" means the *Condominium Act*, 1998, S.O. 1998, c, 19 (as amended or replaced).

"*Condominium Corporation*" means the condominium corporation that was created by the registration of the Declaration and the Description of land on which the Property is a part.

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"*Convey*" means sell, convey, dispose of, transfer or lease, or enter into an agreement to sell, convey, dispose of, transfer or lease (whether by operation of law or otherwise); "Conveyed" has a corresponding meaning.

"*Costs*" means any fees, costs, charges and expenses relating to:

(i) the Approval, preparation, execution and registration of the Mortgage, any document connected with the Mortgage and any Amendment, discharge or transfer of the Mortgage;

(ii) any amounts ETC is entitled to charge you or pay on your behalf under the Mortgage;

(iii) any expenses that ETC incurs in enforcing any of its remedies under the Mortgage;

(iv) any charges of a municipality or other taxing authority for providing ETC with information on Taxes or imposed because ETC (rather than you) is paying Taxes;

(v) any inspection of the Property;

(vi) any environmental testing, site assessment, investigation, study or inspection of the Property;

(vii) all repairs made to the Property;

(viii) having to take possession and secure, complete and equip any buildings, structures or Improvements on the Property, including completing construction of the Property;

(ix) the renewal of any leasehold interest;

(x) the cost of any Receiver;

(xi) any expenses incurred in removing a construction lien from title to the Property, obtaining a discharge of a construction lien or defending a construction lien action relating to the Property;

(xii) each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled;

(xiii) any mortgage insurance or title insurance; and

(xiv) all lawyers' fees and disbursements (including those of ETC's in-house lawyers) in any way relating to items (i) through (xiii) on a full indemnity basis;

"*Credit Documents*" means documents Approved by you and ETC that relate to Fixed Rate Debt, Variable Rate Debt or Collateral Loan Debt. Credit Documents include the Mortgage, promissory notes, line-of-credit agreements, loan agreements, commitment letters, guarantees, and any other documents that you have agreed will be secured by the Property and any amendments or renewals of those documents.

"*Debt*" means the sum of Fixed Rate Debt, Variable Rate Debt, Collateral Loan Debt, Costs and all other amounts payable by you under the Mortgage or the Credit Documents.

"*Declaration*" means the declaration that was registered pursuant to the Condominium Act or any predecessor legislation.

"*Default*" means failing to meet any of your Obligations, including, but not limited to if you are unwilling or unable to make a required payment.

"*Description*" means the description registered pursuant to the Condominium Act or any predecessor legislation.

"*ETC*" means The Equitable Trust Company, the mortgagee or chargee under the Mortgage.

"*ETC Prime Rate*" means that annual interest rate (calculated monthly not in advance) that is announced from time to time by ETC, at our discretion, as the interest rate then in effect for determining interest on Canadian dollar mortgages or loans made by ETC in Canada. If it is necessary for the us to prove the interest rate in effect we are charging at any time, you agree that the production by the us of a written certificate setting out the interest rate at that time is conclusive proof for that purpose.

"*First Payment Date*" means the date the first payment is due, as indicated in the Mortgage or any other date Approved by you and ETC.

"*Fixed Interest Rate*" means the annual fixed rate of interest indicated in the Mortgage or Approved by you and ETC.

"*Fixed Rate Debt*" means the Fixed Rate Principal Amount and Interest under a Mortgage having a Fixed Interest Rate.

"*Fixed Rate Mortgage*" means the portion of a Mortgage securing Fixed Rate Debt.

"*Fixed Rate Principal Amount*" means the portion of the Principal Amount that bears interest at the Fixed Interest Rate.

"*Guarantor*" means each guarantor described in the Mortgage or who signs a written document, agreeing to be responsible for all or some of your Obligations and agreeing to be bound by the terms of the Mortgage.

"*Improvement*" means any construction, installation, alteration, addition, repair or demolition to the Property.

"*Insured Mortgage*" means a mortgage insured by the Canada Mortgage and Housing Corporation, Genworth Financial Inc., AIG United Guaranty Mortgage Insurance Company Canada, or any other mortgage insurer Approved by ETC.

"*Interest*" means the interest owing from time to time under the Mortgage or the Credit Documents, calculated at the applicable Interest Rate.

"*Interest Adjustment Date*" means the interest adjustment date indicated in the Mortgage or any other date Approved by ETC.

"*Interest Period*" means the period between two consecutive Regular Payments beginning on a Payment Date and ending on the day before the next Payment Date.

"*Interest Rate*" means the Fixed Interest Rate, the Variable Interest Rate or the interest rate or rates set out in the Credit Documents, as applicable.

"*Interest Rate Differential*" is a compensation charge that may apply if you pay off your mortgage principal prior to the Balance Due Date or pay the mortgage principal down beyond the prepayment privilege amount. The method for calculating the Interest Rate Differential is set out in section 6.05(ii).

"*Last Payment Date*" means the date the last payment is due as indicated in the Mortgage or any other date Approved by you and ETC. This date is the same date as the Balance Due Date.

"*Late Interest*" means the additional Interest charged by ETC on both the principal and interest portion, including interest accrued on fees or other charges, of any late Regular Payment. Late Interest will be charged at the Interest Rate.

"*Law*" means any law, statute, rule, requirement, demand, order, direction, code, guideline, ordinance, by-law, policy or regulation of any government, governmental authority or agency.

"*Lease*" means any lease, sublease or agreement to lease that gives you your interest in the Property as a tenant, lessee, subtenant or sublessee.

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"*Leased Property*" means your leasehold interest in the Property under a Lease.

"*Monthly Payment*" means Regular Payment.

"*Mortgage*" means, for the non-electronic paper-based registration system, the mortgage or charge of the Property signed by you in the Form 2 Charge/Mortgage of Land and any schedules attached to it or, for the electronic registration system, the mortgage or charge of the Property given by you to ETC pursuant to your signed authorization and direction, and prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the *Land Registration Reform Act* of Ontario. "Mortgage" also includes all schedules and Amendments, these Standard Charge Terms and any notice advising you of a change in the Variable Interest Rate.

"*Obligation*" means each and all of the obligations that you have agreed to perform and all of the promises you have made under the Mortgage and the Credit Documents.

"*Original Principal Amount*" means the original principal that is indicated in the Mortgage.

"*Payment Date*" means the date on which you are to make a Regular Payment as indicated in the Mortgage, or any other date Approved by you and ETC.

"*Principal Amount*" means that portion of the Original Principal Amount that is outstanding from time to time. Principal Amount includes Variable Rate Principal Amount, Fixed Rate Principal Amount and Collateral Loan Principal Amount.

"*Property*" means all or any part of (i) the lands described in the Mortgage, (ii) any buildings or structures now on those lands or added to those lands at any time and (iii) anything now or later attached or fixed to those lands, buildings or structures.

"*Purchaser*" has the meaning set out in Section 8.01.

"*Receiver*" means a person appointed by ETC or a Court to collect income from and manage the Property; "Receiver" includes a receiver or a receiver and a manager.

"*Regular Payment*" means the amount of each payment or the payments indicated in the Mortgage or other payment approved by you and ETC for either Fixed Rate Debt or Variable Rate Debt.

"*Renewal Agreement*" means an agreement, renewal notice or written letter Approved by ETC and at least one of you confirming the terms of a renewal or extension of the Mortgage.

"*Taxes*" means all present and future realty taxes, rates and assessments of any nature or kind on the Property and includes interest and penalties

"*Tax Account*" means an account on ETC's books of account relating to the Mortgage and to which ETC may add payments made by you under Section 8.05.

"*Term*" means the length of time from the Interest Adjustment Date to the Balance Due Date or other length of time approved by you and ETC.

"*Variable Interest Rate*" means the annual interest rate, calculated monthly not in advance, that changes from time to time based on the ETC Prime Rate.

"*Variable Rate Debt*" means the Variable Rate Principal Amount, including Interest, under a Mortgage having a Variable Interest Rate.

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"*Variable Rate Mortgage*" means the portion of a Mortgage securing Variable Rate Debt.

"*Variable Rate Principal Amount*" means the portion of the Principal Amount that bears Interest at the Variable Interest Rate.

"*You*" means each of the persons indicated as chargors or mortgagors in the Mortgage and anyone else who is bound by the Mortgage. "*Your*" has a corresponding meaning.

ARTICLE 2
CHARGE AND PROMISES

2.01 You Give your Property as Security.

In return for ETC agreeing to loan money to you or to loan money to someone else when you guarantee payment, you agree as follows:

(i) if you are the owner of the Property, you charge your entire interest in the Property to ETC;

(ii) if the Property includes Leased Property you charge the Leased Property to ETC as security as set out in Section 9.02;

(iii) the Mortgage is given as a general and continuing security to secure repayment of all existing and future advances, loans or lines of credit from ETC to you, to secure any existing and future guarantees that you provide to ETC and to secure your performance of all of the Obligations; and

(iv) no payment, no revolving or fluctuation of the Debt or liability, no change in the form of Debt or liability nor acceptance or renewal or substitution of any note, instrument or other document evidencing or regarding any of the Debt or liability will constitute a reduction or discharge in whole or in part of the security for this Mortgage and the Mortgage will not cease to operate and will not be extinguished except as provided herein.

2.02 Your Promises to ETC.

You promise and confirm that:

(i) you will pay all of the Debt to ETC and perform all of the other Obligations as provided in the Mortgage and the Credit Documents;

(ii) you are the lawful owner of the Property (unless the Property is Leased Property) and no other person owns all or part of the Property;

(iii) you have the right to give the Mortgage to ETC and charge the Property in favour of ETC;

(iv) if you do not pay the Debt to ETC or perform your other Obligations as provided in the Mortgage and the Credit Documents, ETC may, at its discretion, take possession of the Property free from any interference by you or anyone else living on the Property and free from any interests, encumbrances, limitations or restrictions other than those that ETC has Approved;

(v) there are no limitations or restrictions to your title to the Property except those you have disclosed to ETC in writing and ETC has Approved;

(vi) you will, at your expense, sign any other documents and take any further action that ETC requests in order to ensure that your entire interest in the Property has been charged to ETC and that the Debt is adequately secured by the Property and the Mortgage;

(vii) if the Mortgage is not a first mortgage on the Property, you agree not to increase the principal amount owing under any prior mortgage or to re-borrow any amount repaid under a prior mortgage without the Approval of ETC. ETC may withhold its Approval for any reason. You promise not to default under any prior mortgage. You consent to ETC giving notice to the holder of the other mortgage of the existence of this Mortgage and of all of the terms of this Mortgage and the Credit Documents; and

(viii) if you are a co-owner of the Property, you agree to be bound by all the terms, conditions, promises, covenants, warranties, and other statements contained herein with respect to your undivided interest in the Property.

2.03 The Mortgage is Additional Security.

You agree that:

(i) The Mortgage supplements and does not replace any other security we hold for any Debt or other liability of you;

(ii) You agree that we may pursue our remedies, either at the same time, or one remedy at a time, as we choose; and

(iii) The fact that we do obtain a judgment or other remedy under a particular security for the Debt secured by the Mortgage will not affect ETC's rights to enforce any other security.

2.04 Consolidation.

Our right of consolidation applies to the Mortgage and to any other mortgages you give to us. This means that if you default under any of your mortgages to us, then we can, as a condition of your repaying any mortgage, require that you immediately repay all mortgages.

ARTICLE 3
GENERAL PROVISIONS

3.01 Changes to Your Debt.

At your request and if ETC Approves, the Mortgage will secure any future loans, lines of credit and any other advances to you in which the balance owing by you may increase or decrease from time to time and which may for periods of time have nothing owing. These future loans, lines of credit and advances will be secured by the Property unless the Credit Documents indicate that they are not to be secured by the Property. The Mortgage will continue to secure all of the Debt and you will continue to be liable for all of the Debt even if one or more of the following occurs:

(i) ETC advances additional money secured by the Mortgage or re-advances money that you have repaid under the Mortgage;

(ii) the amount of the Debt increases or decreases, or if the Debt is reduced to zero and then increases;

(iii) the documents that evidence the Debt change, or are replaced; for example if some Credit Documents are replaced by others - even if the new Credit Documents given by you have additional persons or fewer persons promising to pay the amount owing;

(iv) ETC increases or reduces the monetary amount of any credit available to you;

(v) the form of the Debt changes in any way, for example Variable Rate Debt or Fixed Rate Debt becomes Collateral Loan Debt or the Mortgage secures additional Debt;

(vi) the Mortgage secures more than one type of Debt (for example Fixed Rate Debt and Collateral Loan Debt) or more than one type of Collateral Loan Debt;

(vii) the terms applicable to the Debt are changed, for example if the Interest Rate changes, if the Debt or a portion of the Debt is renewed or extended or if the Regular Payments change; or

(viii) any co-borrower or guarantor dies.

3.02 Application of Payments.

Payments made to us by you shall be applied as set out in these Standard Charge Terms below.

3.03 Place of Payment.

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You agree to repay the Debt to ETC at its head office in Toronto, Ontario or any other place Approved by ETC.

3.04 Time of Payment.

Any payment that is due on a day that is not a Business Day must be made on the Business Day immediately preceding the due date. ETC will consider payments received after 1:00 p.m. (Eastern Standard Time) to have been made on the next Business Day.

3.05 Failure to Pay or Perform Obligations.

If you fail to pay any part of the Debt when it is due or if you do not perform any of your Obligations when required, then, at ETC's option, all of the Debt will immediately become payable. If the Mortgage secures more than one type of Debt (for example Fixed Rate Debt and Collateral Loan Debt) Default under any type of Debt will constitute Default under all types of Debt and ETC will be able to exercise all of the remedies set out in Article 10 for all types of Debt. If you Default under any prior mortgage (as referenced in Section 2.02(vii)), that Default will be a Default under the Mortgage.

3.06 Costs.

All Costs incurred by ETC will be immediately payable by you, bear Interest at the highest Interest Rate then chargeable and form part of the Debt. See Article 1 for the definition of Costs.

3.07 Deductions from Advances.

ETC may deduct from any advance under the Mortgage:

(i) any Taxes that are due;

(ii) any Interest due under the Mortgage;

(iii) all legal fees and disbursements (and applicable taxes) for preparing and registering the Mortgage; and

(iv) any Costs relating to the Approval, preparation or registration of the Mortgage or the Credit Documents (including fees for mortgage insurance and title insurance).

3.08 Advances under the Mortgage.

ETC may decide, for any reason, that it will not advance all or any part of the Original Principal Amount even if the Mortgage has been registered and whether or not any part of the Original Principal Amount has previously been advanced to you. Even though ETC has not advanced any money, the Mortgage will still secure Costs.

ARTICLE 4
COLLATERAL LOAN MORTGAGES

4.01 When This Article Applies.

The provisions in this Article apply if the Mortgage at any time secures Collateral Loan Debt. If the Mortgage secures Collateral Loan Debt and Fixed Rate Debt or Variable Rate Debt, the provisions of this Article apply only to the Collateral Loan Debt.

4.02 Repayment.

(i) You will pay the Collateral Loan Debt to ETC on demand

(ii) You will pay Interest to ETC on the Collateral Loan Debt at the interest rate and on the terms set out in the Credit Documents.

If any payment is late, you will pay ETC additional Interest as set out in the Credit Documents.

4.03 Prepayment.

The Collateral Loan Debt may be prepaid only as set out in the Credit Documents.

4.04 What the Collateral Loan Debt Covers

If you have a revolving line of credit, credit card account, loan, overdraft or similar account where the balance fluctuates, we do not consider the Mortgage to be discharged or released even if the balance goes down to zero. In that case, the Mortgage continues to secure any future amounts borrowed by you from time to time.

4.05 Other Terms.

Other terms applicable to the Mortgage and the Collateral Loan Debt are set out in the Credit Documents.

PART B - VARIABLE RATE MORTGAGES (Applicable to Variable Rate Mortgages)

ARTICLE 5
MORTGAGES WITH A VARIABLE INTEREST RATE

5.01 When This Article Applies.

The provisions of this Article apply if the Mortgage initially secures Variable Rate Debt. If the Mortgage secures Variable Rate Debt and Collateral Loan Debt, the provisions of this Article apply only to the Variable Rate Debt. A schedule to the Mortgage will indicate if the Mortgage secures Variable Rate Debt.

5.02 Changes in the Variable Interest Rate.

The Variable Interest Rate will change with any change in the ETC Prime Rate. If there is a change in the ETC Prime Rate, ETC may send you notice of the new Variable Interest Rate, but if ETC fails to do so, you will still be liable to make all payments when due under the Mortgage at the new Variable Interest Rate. These notices form a part of the Mortgage. A change in the Variable Interest Rate will become effective on the day that the ETC Prime Rate changes.

5.03 The Variable Interest Rate.

The Variable Interest Rate payable by you under the Mortgage is a variable rate which may automatically be adjusted following the Interest Adjustment Date and on the first day of each month thereafter.

The Variable Interest Rate on this Mortgage is calculated monthly not in advance and payable monthly, as well as before maturity and both before and after default.

5.04 Variable Interest Rate Payments.

(i) Variable Rate Mortgage – Variable Payment
   (a) The amount of your Regular Payment as at the date of advance is set out in the Credit Documents and is based upon the Interest Rate provided in the Mortgage.
   (b) You acknowledge that the Variable Interest Rate will vary automatically each time there is a change in the ETC Prime Rate with or without any notice to you.
   (c) If the amount of any Regular Payment paid by you is insufficient to pay the Interest accrued under the mortgage at the time such Regular Payment is paid, the Interest accrued which remains unpaid shall itself bear interest at the Variable Interest Rate until paid.

5.05 Repayment.

In addition to those provisions contained in this Article 5, you agree that:

(i) On the Interest Adjustment Date you will pay Interest to ETC at the Variable Interest Rate on all amounts advanced, calculated from the date of each advance to but excluding the Interest Adjustment Date.

(ii) After the Interest Adjustment Date, you will pay ETC the Variable Rate Principal Amount together with Interest at the Variable Interest Rate on the Variable Rate Principal Amount calculated from the Interest Adjustment Date. You will pay these amounts in Regular Payments beginning on the First Payment Date and continuing on each Payment Date until the Balance Due Date. On the Balance Due Date you will pay the balance of the Variable Rate Debt.

(iii) If the amount of any Regular Payment is less than the Interest on the Variable Rate Debt due for any Interest Period, any such difference amount for that Interest Period

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will be added to the Variable Rate Principal Amount and then bear Interest at the Variable Interest Rate.

(iv) If a Regular Payment is late you will pay Late Interest.

(v) You will continue to pay Interest at the Variable Interest Rate until all of the Variable Rate Debt has been repaid.

5.06 Your Right of Conversion

You, when never having been in default under the terms of this Mortgage, shall have the option at any time during the Term of this Mortgage, of converting a Variable Rate Mortgage to a Fixed Rate Mortgage with a term greater than or equal to the remaining Term. The Mortgage will be converted for the remaining Term on the original Mortgage upon receipt of a written request made by you and delivered to us at our head office located in the Province of Ontario. The Interest Rate for the converted mortgage shall be based on our prevailing posted Interest Rate in effect on the date the written request for conversion is received by us, plus a premium or minus a discount as established by us, in our sole discretion. The conversion to a Fixed Rate Mortgage will take effect on the next scheduled Regular Payment date applicable under the Mortgage following receipt by us of the written request of conversion to a Fixed Rate Mortgage. If you decide to exercise this right of conversion, you will agree to also execute, at our request, an amendment setting out the new terms.

5.07 Compound Interest

(i) If any Regular Payment is late, ETC will calculate Late Interest every day at the Variable Interest Rate on the full amount that is late.

(ii) ETC will add Late Interest to the Debt at the end of each Interest Period.

(iii) You promise to pay this compound interest, both before and after default and judgment, until the Debt is paid.

(iv) You promise to pay this compound interest immediately when we ask you to pay it.

5.08 Application of Regular Payments.

When ETC receives a Regular Payment, ETC will first apply it to Late Interest, if any. Next ETC will apply it to Interest on the Variable Rate Principal Amount. Finally ETC will apply any remaining part of the Regular Payment to reduce the Variable Rate Principal Amount. ETC may also decide to apply a Regular Payment to other amounts you may owe to third parties whose claims might constitute a higher priority interest to the Mortgage, for example Taxes, in any order ETC determines in its sole discretion.

5.09 Prepayment for Open Mortgages.

Unless we explicitly agree in writing otherwise, if the portion of the Mortgage securing Variable Rate Debt is open for prepayment and if you have performed all of your Obligations to date then you may prepay all or part of the Variable Rate Principal Amount on any Payment Date without notice or additional charge, other than the following administration fees.

(i) If you prepay the Variable Rate Principal Amount in full before the second anniversary of the Interest Adjustment Date, you may be required to pay, at our discretion, an administration fee with the prepayment.

(ii) If you make a partial prepayment of the Variable Rate Principal Amount, you must continue to make the Regular Payments on the Payment Dates until all of the Variable Rate Debt is paid.

5.10 Prepayment for Closed Mortgages.

Unless we explicitly agree in writing otherwise, if the portion of the Mortgage securing Variable Rate Debt is closed to prepayment and if you have performed all of your Obligations, you may do one or more of the following:

(i) Once each calendar year, you may prepay up to twenty per cent (20%) of the original Variable Rate Principal Amount, but not less than $1,000.00, without charge. This prepayment privilege is not cumulative from year to year. That means if the prepayment privilege is not used in one year, it cannot be carried forward and used in a later year.

(ii) If your Mortgage has a three (3) or four (4) year term, you may also at any time after the first two (2) years of the term, prepay all or any part of the Variable Rate Principal Amount, provided you also pay an amount equal to three (3) months' interest at the then current Variable Interest Rate on the amount you wish to prepay. When you make a prepayment under this subsection, any portion of the amount you are still entitled to prepay under subsection 5.10(i) will not be deducted from the amount you prepay under this subsection when the three (3) months' interest is calculated.

(iii) If your Mortgage has a five (5) year term, you may also at any time after the first three (3) years of the term, prepay all or any part of the Variable Rate Principal Amount, provided you also pay an amount equal to three (3) months' interest at the then current Variable Interest Rate on the amount you wish to prepay. When you make a prepayment under this subsection, any portion of the amount you are still entitled to prepay under subsection 5.10(i) will not be deducted from the amount you prepay under this subsection when the three (3) months' interest is calculated.

(iv) If you make a partial prepayment of the Variable Rate Principal Amount, you must continue to make the Regular Payments on the Payment Dates until all of the Variable Rate Debt is paid.

5.11 Prepayment for Renewed or Extended Mortgages.

The prepayment provisions set out in this Article are available only during the original Term. If the terms of the Mortgage are renewed or extended and the Renewal Agreement contains prepayment provisions, you agree to be bound by the prepayment provisions set out in the Renewal Agreement. If the terms of the Mortgage are renewed or extended and the Renewal Agreement does not contain prepayment provisions, you agree to abide by the prepayment provisions set out in the original Mortgage.

5.12 Portability

As long as we agree in writing, at our sole discretion you may transfer your existing Mortgage to a new property or you may combine your existing Mortgage amount with additional funds and, depending on the remaining term of the existing Mortgage, obtain an extended term. The Interest Rate on the replacement Mortgage will be a blend of the interest rate you were paying on the funds transferred from your existing mortgage and the rate applicable to the term of the replacement mortgage and/or additional amount, as determined by us.

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PART C – FIXED RATE MORTGAGES (Applicable to Fixed Rate Mortgages)

ARTICLE 6
MORTGAGES WITH A FIXED INTEREST RATE

6.01 When This Article Applies.

The provisions of this Article apply if the Mortgage secures Fixed Rate Debt. If the Mortgage secures Fixed Rate Debt and Collateral Loan Debt, the provisions of this Article apply only to the Fixed Rate Debt unless we advise otherwise. A schedule to the Mortgage will indicate if the Mortgage secures Fixed Rate Debt.

6.02 Repayment.

(i) On the Interest Adjustment Date, you will pay Interest to ETC on all amounts advanced, calculated from the date of each advance to, but excluding, the Interest Adjustment Date.

(ii) After the Interest Adjustment Date, you will pay ETC the Fixed Rate Principal Amount together with Interest at the Fixed Interest Rate on the Fixed Rate Principal Amount calculated from the Interest Adjustment Date. You will pay these amounts in Regular Payments beginning on the First Payment Date and continuing on each Payment Date until the Balance Due Date. On the Balance Due Date, you will pay the balance of the Fixed Rate Debt.

(iii) If a Regular Payment is late you will pay Late Interest.

(iv) You will continue to pay Interest at the Fixed Interest Rate until all of the Fixed Rate Debt has been repaid.

6.03 Compound Interest.

If any Regular Payment is late, ETC will calculate Late Interest every day at the Fixed Interest Rate on the full amount that is late. You agree to pay this Late Interest. ETC will add Late Interest to the Debt at the end of each Interest Period.

6.04 Application of Regular Payments.

When ETC receives a Regular Payment, ETC will first apply it to Late Interest, if any. Next ETC will apply it to Interest on the Fixed Rate Principal Amount. Finally, ETC will apply any remaining part of the Regular Payment to reduce the Fixed Rate Principal Amount. ETC may also decide to apply a Regular Payment to other amounts you may owe to third parties whose claims might constitute a higher priority interest to the Mortgage, for example Taxes, in any order ETC determines in its sole discretion.

6.05 Prepayment for Closed Mortgages.

Unless we agree in writing otherwise, if your Mortgage is a Fixed Rate Mortgage, you may only make the following prepayments of the principal amount of the Mortgage if the Mortgage is not in default and if you also pay certain prepayment costs.

(i) Once each calendar year, you may prepay up to a maximum of twenty per cent (20%) of the original Fixed Rate Principal Amount, but not less than $1,000.00, without charge. This prepayment privilege is not cumulative from year to year. That means if the prepayment privilege is not used in one year, it cannot be carried forward and used in a later year. This prepayment privilege cannot be used in combination with the prepayment privilege described in subsection 6.05(ii) below.

(ii) If you prepay the Fixed Rate Principal Amount in full, or an amount greater than that expressed in section (i) above but less than the Fixed Rate Principal Amount, at any time before the Balance Due Date set out under your Mortgage, you must also pay, in addition to all other amounts due as set out in the Mortgage, the GREATER of:

(i) three (3) months' interest at your existing Interest Rate as set out in the Mortgage or, if renewed, in the agreement for the last renewal of the Fixed Rate Debt secured by the Mortgage; or,

(ii) the Interest Rate Differential, which is the difference between your existing interest rate as set out in the Mortgage or, if renewed, in the Renewal Agreement for the last renewal of the mortgage for the Fixed Rate Debt, and the then current rate for the term remaining on the Mortgage or renewal of the Fixed Rate Debt based on our lowest offered rate for a mortgage for a term that is the closest to, but not greater than, the remaining term of your Mortgage or if renewed, of the agreement for the last renewal of the Fixed Rate Debt secured by the Mortgage calculated on the full principal amount being repaid.

6.06 Portability

As long as we agree in writing, at our sole discretion you may transfer your existing Mortgage to a new property or you may combine your existing Mortgage amount with additional funds and, depending on the remaining term of the existing Mortgage, obtain an extended term. The Interest Rate on the replacement Mortgage will be a blend of the rate you were paying on the funds transferred from your existing mortgage and the rate applicable to the term of the replacement mortgage and/or additional amount, as determined by us.

6.07 Prepayment for Renewed or Extended Mortgages

The prepayment provisions set out in this Article are available only during the original Term. If the terms of the Mortgage are renewed or extended and the Renewal Agreement contains prepayment provisions, you agree to be bound by the prepayment provisions set out in the Renewal Agreement. If the terms of the Mortgage are renewed or extended and the Renewal Agreement does not contain prepayment provisions, you agree to abide by the prepayment provisions setout herein.

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PART D – AMENDING OR EXTENDING THE MORTGAGE

(Applicable to Fixed Rate Mortgages and Variable Rate Mortgages)

ARTICLE 7

RENEWAL AND AMENDMENT PROVISIONS

7.01 General.

You may renew the Mortgage if ETC Approves. A Renewal Agreement will conclusively establish any renewal or extension of the Mortgage as well as the terms of that renewal or extension.

7.02 Renewal Services.

ETC may allow you to renew the Mortgage by mail or in person. ETC may send you a document confirming the renewal terms by ordinary mail. You agree to sign this document and return it to ETC. For your renewal to be effective, ETC must receive your signed Renewal Agreement within thirty (30) days prior to the beginning of the new Term.

You agree that if a Renewal Agreement is sent to you but you do not sign and return it to us by the Balance Due Date, we may, at our option, automatically renew the Mortgage on the terms contained in the Renewal Agreement, and you will be bound by such Renewal Agreement. If you do not return your signed Renewal Agreement, ETC may, in reliance on the Renewal Agreement, process a new Mortgage payment consistent with the document sent to you.

No renewal or extension of time given by us to you shall in any way affect or prejudice our rights against you, the Guarantor or any other person. It shall not be necessary to register notice of any such renewal or obtain any consents or acknowledgements in order to retain priority for this Mortgage so altered over any subsequent encumbrance or instrument registered subsequent to this Mortgage.

7.03 If There Are Guarantors.

You and all Guarantors agree that, with ETC's Approval, any one mortgagor can agree to any Amendment or Renewal Agreement, and that agreement will bind all other mortgagors and all Guarantors. The person so agreeing is deemed to be the agent of the others.

7.04 Registration of Amendments.

You agree that any Amendment does not have to be registered in any land registry or land titles office. Any Amendment will be binding on you, on ETC, on any transferee of the Property and on any person who has an interest in the Property. Any Amendment will have priority over any subsequent charge, mortgage, interest in or transfer of the Property to the same extent as if the Amendment had been registered in the appropriate land registry office before registration of any subsequent charge, mortgage, interest or transfer.

7.05 No Renewal Without ETC's Approval.

Except as set out in sections 7.02 no payment made by you after the Balance Due Date or after the end of any extension or renewal will result in any renewal or extension of the Mortgage unless ETC has Approved the extension or renewal in writing.

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PART E - OTHER GENERAL PROVISIONS (Applicable to All Mortgages)

ARTICLE 8

OTHER PROVISIONS AFFECTING YOUR MORTGAGE

8.01 Sale or Transfer of Property.

If you Convey the Property or any interest in the Property to anyone (in this Section a "Purchaser") and you have not obtained the written consent of ETC and informed ETC of any subsequent amendment to the Conveying document, and the Purchaser has not:

- (i) applied for and received ETC's Approval to assume the Mortgage; and
- (ii) signed an assumption agreement Approved by ETC,

then ETC may demand from you repayment of the Debt by notice in writing and the Debt will become immediately payable in full by you.

The applicable prepayment provisions in Articles 4, 5 and/or 6, as applicable, will apply to any repayment. No change in the ownership of the Property or in any agreement between ETC and a Purchaser will in any way affect or prejudice ETC's rights against you or any other person liable for payment of the Debt. ETC may enter into agreements with a Purchaser without notice to you and without your Approval. You will not be released from your Obligations even if ETC accepts money from a Purchaser or if a Purchaser agrees with ETC without notice to you to assume, renew, extend or amend the Mortgage.

In addition, you acknowledge that you will inform us forthwith of any purchase, sale or any other conveyancing document to be executed by you which Conveys the Property or any interest in the Property to anyone other than you, and obtain our written consent prior to executing such document(s).

No sale or other conveyancing of the Property shall in any way change your liability or in any way alter our rights as against you or as against any other person liable for the Debt hereby secured.

8.02 Assignment of Leases.

As additional security for your performance of the Obligations, you agree to assign to ETC from time to time, immediately on our request, any lease of the whole or any part of the Property. Any assignment must be in a form acceptable to ETC. You will deliver to ETC executed copies of all leases of the Property at ETC's request. You will comply with all of the landlord's obligations in any lease assigned by you to ETC. You agree that none of ETC's rights or remedies under the Mortgage will be delayed, hindered or prejudiced by these assignments.

8.03 Assignment of Rents.

You agree with us as follows:

- (i) For the purposes of this Section, the term "leases" includes agreements to lease, tenancy agreements, licences and occupancy agreements.
- (ii) You hereby assign to ETC all rents payable from time to time under all present and future leases of all or any part of the Property; you also assign to ETC the benefit of all other tenants' obligations under those leases.
- (i) As soon as you enter into any lease of the Property you will, if requested by ETC, execute and deliver to ETC an assignment in ETC's usual form of all rents payable under that lease and the benefit of all other tenants' obligations under that lease. You will also execute and deliver to ETC any other documents that ETC determines are necessary to make the assignment effective.

(ii) Nothing in the Mortgage, or in the assignments referred to in this Section, will make ETC responsible for the collection of rents payable under any lease of the Property or for the performance of any other obligations in any lease.

(iii) ETC will not be considered a mortgagee in possession or landlord of the Property because of any assignment referred to in this Article.

(iv) ETC has to account only for rent that ETC actually receives (less reasonable collection charges) and ETC may apply those rents to repayment of the Debt in any manner that ETC, in its discretion, determines.

8.04 Payments ETC May Make.

ETC may pay any rents or satisfy any present or future Taxes, mortgages, rates, charges, Common Expenses or other similar liabilities or interests in the Property. These amounts, when paid by ETC, form part of the Debt.

8.05 Taxes.

You will pay all Taxes on the Property promptly as they fall due. If ETC requests evidence of payment of Taxes, you will immediately provide ETC with evidence satisfactory to ETC that you have paid all Taxes. If you do not provide ETC with this evidence, ETC may obtain it directly from the municipality or other taxing authority. Any charge ETC incurs to obtain this evidence will be added to the Debt and is payable by you immediately. You hereby authorize the municipality to release all tax information on the Property to ETC.

If a portion of the Debt is Fixed Rate Debt or Variable Rate Debt then the following provisions apply:

(i) ETC may pay out of any advance any Taxes payable at the date of that advance or due within the calendar year.

(ii) If ETC requires you agree to pay ETC on each Payment Date an amount ETC estimates will be required to provide funds sufficient to pay all Taxes for the year by the time ETC remits the Taxes. ETC may pay the Taxes at any time or times as it sees fit or may hold the funds in a Tax Account as it sees fit until such payment is made.

(iii) ETC may re-estimate your Taxes from time to time. You will pay any additional amounts required because of a re-estimate. You will provide ETC with all tax bills and other notices relating to Taxes on the Property immediately after you receive them. ETC may obtain these directly from the municipality or other taxing authority. Any charges ETC incurs to obtain these items will he added to the Debt and are payable by you immediately.

(iv) As long as ETC requires you to make tax payments under this Section, and as long as you have performed all of your Obligations, ETC agrees to pay from the Tax Account all Taxes as they fall due or at any time ETC deems fit to the extent that there are sufficient funds in the Tax Account. If the amount in the Tax Account is insufficient, ETC may, at its option, either debit to the Tax Account or add to the Debt the amount by which the Tax Account is insufficient.

(v) Any debit balance in the Tax Account will bear Interest at the highest interest rate payable under the Mortgage and will form part of the Debt. ETC will not pay interest on any credit balance in the Tax Account.

(vi) If, at any time, the Taxes that ETC has paid exceed the amount you have paid under this Section, you will immediately, on ETC's request, pay ETC that difference.

(vii) ETC is not a trustee of the Tax Account.

(viii) If you fail to perform any of your Obligations, any payments made by you under this Section may, at ETC's option, be

    (a) credited to the Tax Account; and/or

    (b) applied against the Debt; and/or

    (c) electronically debited from your bank account.

8.06 Bank Account for Payment

By signing the Mortgage you:

(i) Agree to maintain an account of a type satisfactory to us with a branch of a bank, trust company, caisse populaire or credit union and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and/or life insurance premiums (as applicable) when due.

(ii) Agree to ensure that the account always contains sufficient funds to make each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing of the account will be considered to be a default under this Mortgage.

(iii) Agree to pay to us our then processing fees for any actions which we have to take under this Article.

(iv) Expressly give us the authorization, upon reasonable notice given to you from us, to:

(a) electronically debit your account for an amount higher or lower than the Regular Payment on your Regular Payment date; or

(b) electronically debit your account in addition to your Regular Payment,,

for additional monies owing by you to us as a result of adjustments for tax, utility or other arrears.

(v) Agree that you waive the notification described in subsection (iv) above if we, in our sole and arbitrary discretion, decide not to give such notification.

(vi) Agree to provide us with, upon our request, a post-dated cheque, or a series of post-dated cheques, for any payment, including payments of Taxes required under the Mortgage.

8.07 Repair and Maintenance of the Property.

You agree as follows:

(i) You will keep the Property in good condition and repair and you will not do anything that will diminish the value of the Property.

(ii) You will not change the use of the Property.

(iii) You will pay ETC on demand the reasonable Costs of those inspections, investigations, assessments, studies and testing.

(iv) You will promptly, at your own cost, comply with all Laws concerning the Property.

(v) At your own cost you will make all Improvements or alterations to the Property that may be required at any time by any Law.

(vi) You will notify ETC forthwith of any substantial Improvements or damage to the Property.

8.08 ETC's Rights During Construction.

If any portion of the Mortgage is to be used to finance an Improvement, you must so inform us in writing immediately and before any advances are made by ETC. Before commencing any construction on the Property you will have all plans and specification Approved by ETC.

If at any time:

(i) any construction on the Property remains unfinished and without any work being done on it for more than ten (10) consecutive days;

(ii) you deviate from any plans that have been Approved by ETC;

(iii) you deviate from the generally accepted local standards of construction; or

(iv) you allow a construction lien to be registered against the Property for more than thirty (30) days, then ETC may, without becoming a mortgagee in possession, enter the Property and do all work necessary to protect the Property from deterioration. This includes ETC completing, or partially completing, any construction on the Property in accordance with plans and specifications that have been Approved by ETC or otherwise as ETC in its discretion determines. In completing construction, ETC may use and have exclusive possession of all materials and equipment on the Property without any interference from you. ETC may also pay the amount of any lien and add that amount to the Debt.

8.09 Insurance.

You agree as follows:

(i) As long as there is any Debt outstanding, you will, at your expense, take out and keep in force insurance on the Property.

(ii) You will keep the Property (and any income derived therefrom) insured against loss or damage in an amount equal to not less than one hundred percent (100%) of the full replacement value of the Property pursuant to a mortgage endorsement in favour of ETC issued by your insurer for the Property. The risks against which you must insure include fire, extended perils, tempest, tornado, cyclone, lightning, wind, storm, hail, explosion, riot, impact by aircraft or vehicle, smoke damage, other risks covered by a standard extended coverage insurance policy and any other risks and hazards that ETC may from time to time require. You will ensure that ETC is sent copies of all notices sent to you about this insurance.

(iii) If the Property is a condominium unit, you will ensure that the Condominium Corporation takes out and keeps the insurance referred to in section 8.09(ii) in force.

(iv) You will arrange for Condominium unit owners insurance for each unit to be in place respecting betterments, improvements, liabilities and contingency coverage in the event prime coverage maintained by the Condominium is insufficient and ETC's interest on all such insurance is to be shown as loss payee.

(v) As long as there is any Debt outstanding, if a sprinkler system, a steam boiler or any apparatus operating or operated by steam is installed in or operated on the Property, you will insure the buildings on the Property against loss or damage caused by any bursting, explosion or defect in the sprinkler system, boiler or apparatus to the full replacement value of the Property.

(vi) All insurance policies must provide that any loss will be payable to ETC as its interest may appear and must contain the standard mortgage clause Approved by ETC.

(vii) ETC may require any insurance on the Property to be cancelled and new insurance taken out with an insurance company Approved by ETC (and Approved by the landlord under the Lease if the Property is a Leased Property and if required by the Lease). ETC may, without consulting you, take out any insurance on the Property if ETC has not received proof of coverage satisfactory to it. The premiums for this insurance will be added to the Debt.

(viii) You agree that you will deliver certificates of insurance or, if required by ETC, certified copies of insurance policies as soon as possible after placing the required insurance.

(ix) All policies must contain an undertaking by the insurer to notify ETC in writing not less than fifteen (15) days prior to any material change, cancellation, failure to renew or termination of any policy.

(x) If you fail to take out or to keep in force any insurance policy, or if any insurance policy is not Approved by ETC, and if you do not rectify the situation within seven (7) days after written notice from ETC, ETC may, without consulting you, take out insurance at your expense.

(xi) If you have failed to meet any of your Obligations, ETC may charge you the cost of insuring the Property under an individual or a blanket insurance policy issued to ETC. ETC is under no obligation to insure the Property or to insure the Property for more than the Debt. However, if ETC does take out additional insurance, it will be at your expense.

(xii) If ETC pays any premiums for insuring the Property, the amount of all payments will be added to the Debt and will be payable immediately.

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(xiii) When ETC requests it, you will provide ETC with satisfactory evidence of the insurance required under this Section and proof that the premiums for that insurance have been paid. You must also provide ETC with satisfactory evidence of the renewal of all insurance policies at least fifteen (15) days before the termination of each policy.

(xiv) ETC, in our discretion, may require that all insurance proceeds be paid to ETC, to you or to any other person appearing by the records of the Land Registry Office or Land Titles Office to be or to have been the owner of the Property. The proceeds may also be paid in one way or another, or they may be applied, in ETC's sole discretion, in whole or in part to repay the Debt even if the Debt is not yet due.

(xv) ETC may, in our discretion, require that the insurance proceeds be applied to rebuilding or repairing the Property.

(xvi) If the Property is a Leased Property, the insurance proceeds will be applied to rebuilding or repairing the Property, if required by the Lease.

(xvii) All policies of insurance must show any loss payable (i) to ETC, (ii) to a trustee Approved by ETC pursuant to an insurance trust agreement Approved by ETC or (iii) to both (if the Property is a condominium unit). The terms of any insurance trust agreement may not, once Approved by ETC, be altered without ETC's further Approval.

(xviii) The Mortgage also charges all insurance proceeds as security for the Debt. If the Property is a condominium unit, the Mortgage also charges your interest in the insurance trust and on any insurance proceeds relating to the Property held by the trustee.

(xix) If the Property is a condominium unit, you will ensure that the Condominium Corporation will at all times comply with the terms of all insurance policies, the insurance provisions of the Declarant and any insurance trust agreement. You will also ensure that the insurance taken out by the Condominium Corporation complies with the Obligations of this Section. Finally, you will ensure that the Condominium Corporation assigns and delivers to ETC certificates of insurance or, if required by ETC, certified copies of each insurance policy, as soon as possible after placing the required insurance.

(xx) If there is any loss or damage, you must furnish at your own expense all necessary proofs and do all necessary acts to enable ETC to obtain payment of the insurance proceeds.

(xxi) Production of the Mortgage will be sufficient authority for the insurer to pay any loss to ETC.

(xxii) During such time or times as there is construction of any buildings or other Improvements on the Property, you will maintain builder's all-risk insurance with a stated amount clause for the Improvements for full insurable value.

(xxiii) The insurance provisions of this Section apply to all buildings, structures and Improvements on the Property whenever built and during construction.

8.10 Subdivision, Release and Replacement of Property

You agree as follows:

(i) The Mortgage charges every part or lot into which the Property is or may be divided for all of the Debt.

(ii) No person will have any right to require the Debt to be apportioned with respect to any part or lot.

(iii) At any time before or after the Mortgage is registered, ETC may take other security, take evidence of indebtedness or obtain additional promises of payment.

(iv) None of these actions will affect ETC's rights under the Mortgage or limit the liability of any person who is liable under the Mortgage or any Guarantor.

(v) ETC may, on any terms that ETC deems proper in our sole discretion, release or discharge the following in any combination:

- (a) the Property;
- (b) any part of the Property;

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(c) any other security ETC has taken;

(d) you, or any borrower; and/or

(e) any Guarantor.

(vi) ETC may at any time without notice to any person or without the consent of any person, make a settlement, extension or variation in the terms of any Obligation.

(vii) No release, discharge, settlement, extension or variation in terms, nor any carelessness or neglect by ETC in asserting its rights, the loss by operation of Law of any right ETC has against you or any other person, or the loss or destruction of any security, will in any way release, diminish or prejudice its security against any undischarged Property. Similarly, no such action will release or prejudice any of the Obligations or release or diminish your liability or the liability of any Guarantor so long as any Debt remains unpaid.

(viii) No security or Guarantor will be released or discharged except by a written release or discharge executed by ETC.

8.11 Change of Control.

If you are a corporation and you Convey any interest in your issued and outstanding shares so that there is a change in your effective voting control without ETC's Approval, then ETC may exercise any of the remedies set out in Article 10. ETC's Approval may be withheld in its unqualified subjective discretion.

8.12 Servicing Fees.

ETC may charge a reasonable servicing fee to process each application for Approval contemplated by this Article. This servicing fee will be payable immediately upon demand and will form part of the Debt.

8.13 Securitization

We may, at our option, sell, assign or encumber your Mortgage to one or more third party(ies) without notice to you, any Guarantor or any spouse signing your Mortgage and without requiring any consent. If we do so, you agree that your Mortgage shall continue to secure all Debt owing under your Mortgage. Once sold or assigned, your Mortgage may be repurchased by us, whether or not it is in default.

You and each Guarantor and spouse executing the mortgage hereby authorize and consent to us or any other person having an interest in the Mortgage from time to time and their or our respective agents and advisors including any party retained to service the mortgage, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any Guarantor and your spouse, the Mortgage and your Property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with your mortgage from time to time.

8.14 Repayment of Payments Made by ETC.

Any payments made by ETC under this Article will be added to the Debt and are payable by you immediately.

8.15 Assumption

If you are not the original borrower of the Mortgage, you agree to be bound by all obligations of the original borrower under the Mortgage.

8.16 Inspection

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You agree that:

(i) if we, or any mortgage insurance company, if this is an Insured Mortgage, or any of our respective agents, have reason to believe the Property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that any of the parties mentioned herein, or their agents, may, at any time, before or after Default, enter and inspect the Property and conduct any environmental testing, site assessment, investigation or study, which any of the parties mentioned herein, or their agents, deem necessary;

(i) You agree that the cost of this testing, assessment, investigation or study, with interest at the Interest Rate, will be immediately payable by you and shall be a Debt; and

(ii) Neither we, nor any mortgage insurance company (if this is an Insured Mortgage), nor any of our agents shall become a mortgagee in possession, management or control by exercising these rights.

ARTICLE 9
PROVISIONS FOR SPECIFIC TYPES OF PROPERTIES

9.01 Promises for Leased Property.

If the Property is a Leased Property, you promise and confirm to ETC that:

(i) You own your leasehold interest in the Property;

(ii) You have the right to mortgage or charge the Lease and sublet the Leased Property to ETC;

(iii) if required under the Lease, you have obtained the landlord's consent to the Mortgage;

(iv) Neither you nor any other person has mortgaged or otherwise encumbered the Lease or your rights under the Lease;

(v) The Lease is a valid, existing lease and has not been amended except as you have advised ETC in writing.

(vi) You have paid the rent and performed your obligations under the Lease up to the date you signed the Mortgage and there is no default under the Lease.

(vii) You will not amend, surrender or terminate the Lease without ETC's prior Approval, and in the case of an amendment, without furnishing ETC in writing with full particulars thereof.

(viii) You will pay the rent under the Lease and perform your obligations under the Lease as long as the Debt is outstanding.

(ix) You will provide ETC with any notice of default under the Lease that you receive.

(x) You will indemnify ETC from all actions, claims and demands relating to defaults under the Lease; and

(xi) You will assign the last day of the term of the Lease, or any renewal term, which you hold in trust for ETC to ETC.

9.02 Additional Provisions for Leased Property.

If the Property is a Leased Property, the following provisions apply:

(i) You charge the Leased Property to ETC as security only and not as a complete assignment of your interest.

(ii) You sublease the Leased Property to ETC to the extent required by Law for the charge to be effective for the remainder of the term of the Lease, except for the last day of the term of the Lease (including the last day of any renewal).

(iii) You hold all other rights under the Lease in trust for ETC, including the last day of the term, and any right of renewal or right to purchase.

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(iv) You hereby irrevocably appoint ETC as your agent. If there is default under the Mortgage, ETC may, as your agent, assign the Lease and the last day of the term of the Lease as ETC may determine in its discretion.

(v) If ETC sells the Leased Property pursuant to Article 9, ETC may assign your interest in the Lease to a purchaser.

(vi) ETC may at any time remove you or any other person from being a trustee of the Lease and appoint a new trustee in your place.

(vii) At ETC's request but at your cost, you will assign to ETC the last day of the term of the Lease or any renewal or substituted term.

(viii) If ETC sells the Leased Property under the power of sale you will hold the Leased Property and the last day of the term in trust for any purchaser.

(ix) If you neglect or refuse to renew the Lease, then ETC may renew the Lease in its own name so that the Lease will continue to be security for the Mortgage.

(x) If you have not performed your Obligations for fifteen (15) days, ETC may, on at least thirty-five (35) days' written notice to you, as required by Part III of the *Mortgages Act* (Ontario) or equivalent legislation applicable in the province the Property is located, assign the Lease.

(xi) Any assignment may be on the terms set out in these Standard Charge Terms.

(xii) No sale or other dealing by you with the Lease or the Leased Property and no extension of time given by ETC to you, or anyone claiming under you, or any dealing by ETC with the landlord or the Lease, will in any way affect or prejudice ETC's rights against you or any other person liable to repay the Debt.

(xiii) If you acquire any additional interest in the Leased Property, then by the Mortgage you charge that additional interest to ETC without you or ETC having to do any thing further.

9.03 Additional Promises if the Property is a Condominium Unit.

(i) You promise to perform all of your obligations under the Condominium Act and under the Declaration, the by-laws and the rules of the Condominium Corporation. Any breach of those obligations will constitute a Default under the Mortgage. In addition, the following provisions apply:

(ii) You will pay promptly when due your contribution to Common Expenses.

(iii) On request, you will immediately provide ETC with satisfactory evidence that all Common Expenses have been paid.

(iv) ETC may deduct from any advance of the Principal Amou[illegible] amount of Common Expenses that are payable and are unpaid at the date of th[illegible]ce.

(v) If ETC requests, you will give it copies of all notices, financial statements, reserve fund studies and other documents from time to time given to you by the Condominium Corporation.

(vi) If ETC gives you notice, you will pay to ETC the amount necessary to pay Common Expenses. ETC will remit all sums to the Condominium Corporation on your behalf.

(vii) You irrevocably authorize ETC to exercise your right to vote or to consent in all matters relating to the affairs of the Condominium Corporation, provided that:

  (a) ETC will only exercise your right to vote or consent if ETC has given you and the Condominium Corporation the notice required by the Condominium Act that ETC intends to exercise this right;

  (b) ETC is not under any obligation to vote or consent;

  (c) in voting or consenting, ETC is not obligated to protect your interests, but may vote or consent as ETC, in its discretion, determines; and

  (d) if ETC votes or consents ETC is not a mortgagee in possession.

(viii) You may not vote for any action that might reduce the value of your unit, the complex, or ETC's interest therein. You must comply with this section even if ETC would not have been able to exercise your right to vote.

ARTICLE 10 ENFORCEMENT

10.01 Enforcing ETC's Rights.

If you do not comply with any of your Obligations, ETC may exercise any one or more of the remedies listed below in any order that ETC chooses:

(i) Immediate Payment.

ETC may, at its option without notice to you, require all Debt to be paid to ETC immediately.

(ii) Legal Action.

ETC may take whatever legal action is necessary to collect all or part of the Debt. This legal action may include suing you for the Debt.

(iii) Personal Property.

ETC may enter the Property and distrain against (i.e. seize and sell) any personal property owned by you to repay all or part of the Debt.

(iv) Take Possession of the Property.

ETC may take and keep possession of the Property, collect rents from it and manage or lease the Property or any part of it. Before ETC takes possession of the Property, ETC can ask you to leave the Property with all your belongings and if you do not do so, we may make any necessary applications and the Courts of Ontario may order you to leave. If you refuse to do so, the Courts of Ontario may have you forcibly removed. If you have not removed your personal belongings from the Property before ETC takes possession, you authorize ETC to remove and dispose of your belongings in any manner that ETC, in its absolute discretion, deems appropriate, without notice to you. ETC will have no liability for moving, disposing or storing those belongings. You will be responsible for all Costs incurred by ETC in dealing with those belongings. These Costs will be added to the Debt.

(v) Lease the Property.

ETC may take possession of the Property and lease it on any terms that ETC determines in its discretion without notice to you. ETC may apply the net proceeds of any lease to reduce the Debt. If the net proceeds do not pay all of the Debt, you must immediately pay ETC the difference.

(vi) Foreclosure.

ETC may take court proceedings to foreclose your interest in the Property. If ETC obtains a final order of foreclosure, your interest in the Property will belong to ETC and you will have no further interest in the Property.

(vii) Judicial Sale.

ETC may ask the court to order a sale of the Property, under the court's supervision. If the amount ETC receives from the sale of the Property is less than the Debt, you must immediately pay ETC the difference.

(viii) Power of Sale.

If any Default continues for at least fifteen (15) days, on at least thirty-five (35) days' written notice to you as required by Part III of the *Mortgages Act* (Ontario), or any other minimum period that may be prescribed by Law, ETC may sell the Property or any part of it. Any sale may be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on any terms that ETC determines in its discretion. ETC will apply the net proceeds of any sale to reduce the Debt. If the net proceeds do not pay all of the Debt, you must immediately pay ETC the difference. The exercise by ETC of its power of sale does not preclude ETC from any further exercise of its power of sale in accordance with this Section.

(ix) Cure any Defaults.

ETC may, but is not obligated to, cure any of your defaults under the Mortgage at your expense, and generally take any other steps of proceedings against you as are permitted by Law. You will immediately pay ETC any money we spend or are obligated to spend

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in curing any Defaults. ETC may add any money it has spent curing your Defaults to the Debt. In order to cure any Defaults, ETC may enter on the Property as often as necessary at any time. If ETC enters the Property, we will not be a mortgagee in possession.

10.02 Other Defaults.

ETC may also exercise its remedies under this Article if any one or more of the following occurs:

(i) if the Property is the subject of a restraint order under the *Controlled Drugs and Substances Act* (Canada) or a similar order under any Law;

(ii) if you have ever used, or currently use the Property for any purpose that is in violation of the *Controlled Drugs and Substances Act* (Canada) or any similar Law; or

(iii) if you have made any material misrepresentation to ETC in connection with the Mortgage or the Credit Documents.

10.03 Costs of Proceedings.

The Costs of any sale or foreclosure proceedings, whether or not the sale or foreclosure is completed, or any Costs that ETC incurs in taking or keeping possession of the Property or enforcing its remedies under the Mortgage, are immediately payable by you whether or not any actual proceeding has commenced.

10.04 Prepayment After Default

If we declare the Principal Amount, or balance of the Mortgage payable upon the occurrence of an event of Default and the balance declared due is paid prior to the Balance Due Date or the Maturity Date of the last renewal, you agree to compensate us, in lieu of providing us with three (3) months' notice, in the following manner:

(i) if the Mortgage secures Variable Rate Debt, an amount equal to three (3) months' interest at the then current Variable Interest Rate on the outstanding Variable Rate Debt;

(ii) if the Mortgage secures Fixed Rate Debt, an amount equal to the greater of

(a) three (3) months' interest at the Fixed Interest Rate on the outstanding Fixed Rate Debt or

(b) the Interest Rate Differential which is the difference between your existing interest rate as set out in the Mortgage or, if renewed, in the Renewal Agreement for the last renewal of the mortgage for the Fixed Rate Debt, and the then current rate for the term remaining on the Mortgage or renewal of the Fixed Rate Debt based on our lowest offered rate for a mortgage for a term that is the closest to, but not greater than, the remaining term of your Mortgage or if renewed, of the agreement for the last renewal of the Fixed Rate Debt secured by the Mortgage calculated on the full principal amount being repaid.

10.05 Payment after Maturity.

Where there is a Default after the Balance Due Date or Maturity Date of the last renewal of the Mortgage, you may pay the outstanding Principal Amount of the Mortgage only upon payment of three (3) months' interest calculated on the outstanding Principal Amount in lieu of three (3) months' notice.

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10.06 Appointment of Receiver.

If you do not comply with any of your Obligations, ETC may appoint a Receiver on any terms (including remuneration) that ETC deems reasonable. ETC may also remove any Receiver and appoint another Receiver. The following provisions apply:

(i) The Receiver will be your agent, not ETC's.

(ii) You alone will be responsible for any of the Receiver's acts or omissions.

(iii) ETC will not be responsible for any misconduct or negligence of the Receiver.

(iv) Any Receiver may or may not be ETC's officer or employee.

(v) Appointing a Receiver will not constitute ETC as a mortgagee in possession.

(vi) From the income collected, the Receiver may pay all Taxes, insurance premiums and other expenses required to keep the Property in good condition; pay its own fees as Receiver; pay all amounts required to keep any mortgages or other interests ranking in priority to the Mortgage in good standing; pay Interest; and pay all or any part of the Debt, whether due or not.

(vii) ETC is not accountable for any money received by the Receiver except to the extent that ETC actually receives that money.

The Receiver may do any one or more of the following:

(i) use every right or remedy that ETC has under the Mortgage to collect the income from the Property, take possession of all or part of the Property, manage the Property and keep the Property in good condition;

(ii) manage any business conducted on the Property;

(iii) lease all or any portion of the Property, and for this purpose enter into contracts in your name that will be binding on you;

(iv) sell the Property;

(v) arrange for the repair and maintenance of the Property; arrange to complete any construction on the Property; arrange for construction of leasehold improvements;

(vi) register plans of subdivision and declarations and descriptions for the Property;

(vii) take possession of and use any materials, supplies, plans, tools or equipment on the Property; and

(viii) borrow money on the security of the Property in priority to the Mortgage.

The rights and powers in this Section are supplemental to any other rights and powers that ETC may have.

10.07 Court Appointed Receiver.

ETC may ask the Court to appoint a Receiver, or confirm the appointment of a Receiver, of the Property. The terms of the appointment of this Receiver will be as the Court determines.

ARTICLE 11
MISCELLANEOUS PROVISIONS

11.01 Judgments.

If ETC obtains a judgment because of your Default in any Obligation, that judgment will not operate as a merger of any Obligation or affect ETC's right to Interest. Any judgment will provide that Interest is to be computed at the same rate and in the same manner as set out in the Mortgage until the judgment is fully paid.

11.02 Expropriation

If the entire Property is expropriated, the Debt will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of the Property is expropriated, the amount you are awarded for the partial expropriation will be paid to ETC and we will credit this amount to your Debt. If, in ETC's opinion, the remainder of the Property does not provide adequate security for the remaining Debt, then the Debt, or any part of the Debt as ETC determines, will immediately become due and payable, plus any loss of interest.

11.03 Administration Fees

You agree to pay to us administration fees to cover our time and costs for administration of the Mortgage including without limitation, a fee or allowance for:

(i) dealing with each late or missed payment and for replacement of each cheque or other instrument not honoured when presented for payment, or any preauthorized payment which does not clear as scheduled;

(ii) preparing each assumption, arrears, reinstatement, discharge or other mortgage statement, whether provided to you, our agents or solicitors or any other interested person;

(iii) processing each application to obtain our consent to assume the mortgage or our approval or consent for any other matter required by the Mortgage whether or not approval or consent is provided or the matter is completed;

(iv) processing each extension, renewal, restructuring or other amendment of the Mortgage or amounts secured by the Mortgage, whether or not completed;

(v) investigating the status of any insurance and administering insurance cancellations and paying insurance premiums;

(vi) investigating the status of realty tax payments and administering tax payments;

(vii) registering a financing statement or financing change statement or issuing or receiving any notice or information, security status or acknowledgement request and conducting any required searches;

(viii) registering electronically or otherwise or executing and delivering any discharge of this Mortgage (notwithstanding that the discharge may have been prepared by you or other person on your behalf);

(ix) the personal time and trouble of our employees or agents in collecting any payment or inquiring into compliance or otherwise reviewing or dealing with or enforcing any other obligation contained in this Mortgage or instructing and assisting counsel or other agents with respect to the enforcement of this Mortgage and any litigation in relation thereto or in managing or selling the Property including, without limitation, with respect to taxes, condominium fees and matters, insurance, repair and construction, environmental matters, leases and other encumbrances, and

(x) generally, any matter connected with the proper administration of the Mortgage.

Our administration fees shall be the amounts established and generally applied by us from time to time and may be disclosed in a Schedule to the Mortgage or ascertained upon inquiry to us.

11.04 Discharge

When you have paid the Debt in full and performed all of your other Obligations, ETC will, if requested by you, sign a discharge or a transfer of the Mortgage. ETC will have a reasonable time to prepare and sign the discharge or transfer or to authorize the electronic registration of a discharge or transfer. The Costs of registration of any discharge will be your responsibility. You will pay ETC's then current administration fee for preparing a discharge or an assignment of the Mortgage. Registration and the costs of registration of any discharge or transfer will be your responsibility. If

ETC registers the discharge or transfer, you will pay any government fee that ETC incurs for registration.

11.05 Conflict

If there is any conflict between the terms of the Mortgage and the terms of the Commitment, the terms of the Commitment will prevail. If there is any conflict between the terms of the Mortgage and the terms of the Credit Documents other than the Mortgage, the Credit Documents will prevail. If there is any conflict between the terms of the Mortgage and the terms of any Renewal Agreement, the Renewal Agreement will prevail.

11.06 Notices by ETC.

Unless otherwise stated in the Mortgage, and subject to Article 6, if the Mortgage allows or requires ETC to make a demand on, give a notice or consent to or make a request of any person (including you), ETC may make the demand, give the notice or consent or make the request, in any one or more of the following ways, at ETC's sole discretion:

- (i) by delivering it personally to the borrower;
- (ii) if the borrower is a corporation, by delivering it personally to a director, officer or employee of the corporation;
- (iii) by transmitting it by facsimile to the borrower;
- (iv) by transmitting it via e-mail to the borrower;
- (v) if the borrower is a corporation, by transmitting it via e-mail to a director, officer or employee of the corporation;
- (vi) by mailing it by prepaid registered mail addressed to the borrower at the borrower's last known address on the records of ETC; or
- (vii) by transmitting it by any other means as ETC Approves in writing in advance.

Unless otherwise stated in the Mortgage, notice will be regarded as received:

- (i) when it is personally delivered to the borrower or to a director, officer or employee of the corporation;
- (ii) on the day of the facsimile transmission or, if that day is not a Business Day, on the first Business Day after the facsimile transmission;
- (iii) on the first Business Day after the e-mail to the borrower or to a director, officer or employee of the corporation;
- (iv) five (5) days after the date of mailing, whether the borrower receives it or not; or
- (v) on any other date when ETC advises you of an alternative method of notice.

11.07 Notices by You

Any notice that you give to ETC must be by one of the following methods:

- (i) registered mail, postage prepaid to ETC's address in Ontario;
- (ii) personal delivery to the manager of the department at ETC that administers the Mortgage;
- (iii) facsimile transmission to ETC's then designated facsimile number;
- (iv) e-mail to ETC's then designated e-mail account; or
- (v) any other method that ETC Approves in writing in advance.

Unless otherwise agreed to by you and ETC, notice will be deemed to be received:

- (i) five (5) days after mailing by registered mail;
- (ii) when personally delivered to a Manager of Mortgage Administration ; or
- (iii) on any other date when we advise you of an alternative method of notice.

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11.08 Number.

Words in the singular include the plural and words in the plural include the singular.

11.09 Who is Bound.

The Mortgage is binding on you, your legal and personal representatives, your heirs, your successors and your assigns. The Mortgage is also binding upon anyone to whom you transfer the Property. The Mortgage is binding on ETC, on its successors and on anyone to whom ETC may transfer the Mortgage.

11.10 Guarantee

In the event you are a corporation, ETC will require the personal gurantees of all the principals as primary debtors and not as sureties.

Each person signing or joining in the Mortgage as a Guarantor agrees in consideration of our making a mortgage to you, as follows:

(i) The Guarantor, with you, as principal debtor and not as surety will duly pay or cause to be paid all amounts payable under this Mortgage on the days and at the times and in the manner provided for payment of the same;

(ii) The Guarantor unconditionally guarantees full performance and discharge of all your obligations under the provisions of this Mortgage at the times and in the manner provided in this Mortgage;

(iii) The Guarantor indemnifies and saves us harmless from and against all losses, damages, costs and expenses which we may sustain, or incur or be or become liable for by reason of:

  (a) the failure for any reason whatsoever by you to pay the amounts payable under this Mortgage or to do and perform any other act, matter or thing required by the provisions of this Mortgage; or

  (b) any act, action or proceeding, of or by us, for, or in connection with, the recovery of the amounts payable under this Mortgage by you, or enforcing the performance by you or any other person liable under this Mortgage of any act, matter or thing required by the provision of this Mortgage;

(iv) We shall not be obliged to proceed against you or any other person liable under this Mortgage or to enforce or exhaust any security before proceeding to enforce any obligations of the Guarantor and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under this Mortgage or the enforcement of any security for any such debt or obligation;

(v) We may, without notice to and the consent or approval of the Guarantor, grant extensions of time for payment, make renewals, increase, vary and amend the Interest Rate, the Principal Amount and other terms of the Mortgage and the Debt, release the whole or any part of the Property or other security from this Mortgage, or otherwise deal with you, any of the indebtedness secured by this Mortgage or the Property or other security as we see fit without releasing or lessening the liability of the Guarantor;

(vi) The Guarantor agrees to be bound by each such renewal, variation and amendment of any terms of the Mortgage we make with you and each reference to the Mortgage shall mean the Mortgage as so renewed and amended from time to time, regardless of whether made with or without the knowledge, consent or approval of the Guarantor;

(vii) No delay or carelessness or neglect by us in asserting any of our rights, nor the loss of any right by operation of law, nor the loss or destruction of any security, nor the lack of validity or enforceability of all or any part of this Mortgage or any other security held for or any document evidencing any part of the indebtedness or liability secured by the Mortgage will in any way release or lessen the liability of the Guarantor;

(viii) The Guarantor has read these Standard Charge Terms and is fully aware of and agrees with its terms and in particular, the terms of this Guarantee;

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(ix) Where there is more than one Guarantor, each Guarantor is jointly and severally responsible under this guarantee with the other Guarantor(s) and you;

(x) We may serve notice on the Guarantor and any notice to the Guarantor shall be deemed received in the same manner as provided for notice to you in this Mortgage.

11.11 Consents and Disclosure.

You consent to ETC transferring, selling or assigning the Mortgage and all of its rights under the Mortgage. If ETC does so, it may disclose information about you, including personal or financial information, and the Mortgage to anyone to whom ETC transfers, sells or assigns its rights.

ETC may also disclose information about you and the Mortgage to an insurer or other third party from whom ETC may obtain benefits that protect its security, including, but not limited to, regulators and auditors.

You consent to insurers and other third parties that provide benefits or services to ETC for the Mortgage obtaining information about you from credit bureaus and other lenders to evaluate you and the Mortgage.

11.12 Partial Invalidity.

If any provision of the Mortgage is found to be invalid or unenforceable, the validity and enforceability of all other provisions in the Mortgage will not be affected.

11.13 Effect of Amendments.

Any agreement to make an Amendment to the Mortgage including, without limitation, any extension of time for payment, change in the Interest Rate or renewal or extension of the Term, will apply not only to those who Approve the Amendment but also to any Guarantor and to any other person who was a party to the Mortgage but did not Approve the Amendment.

11.14 Liability.

If two or more persons are liable under the Mortgage, their liability is both joint and several (that is, they are each liable for the full performance of all Obligations).

11.15 Telephone Calls.

You agree that ETC may record any telephone calls to ensure quality service and to confirm your discussions with ETC and any of its employees.

11.16 Governing Law.

The Mortgage shall be governed by the Laws of Ontario and the applicable federal Laws of Canada. You submit to the jurisdiction of the courts of Ontario with respect to the Mortgage.

11.17 Ontario New Home Warranties Plan Act

If the Ontario *New Home Warranties Plan Act* applies to your Property, you promise to comply with its requirements and to reimburse us for any costs that we incur in complying or enforcing your rights on your behalf if you fail to do so.

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11.18 National Housing Act

If the Mortgage is an Insured Mortgage, the Mortgage is made under the *National Housing Act* (Canada).

11.19 Family Law Act

You certify to us that all information which you have provided to us about your marital status and your Property when applying for the mortgage, and the statements made in any registered document were and are completely truthful and accurate under Part II of the *Family Law Act* as amended or replaced. After any change in your marital status, you will provide us with the full name and birth date of any spouse, so that we are kept fully informed of the names and addresses of the borrower(s) of the Property and of any spouse who is not a borrower but who has a right to possess the Property.

11.20 Statute References.

A reference in the Mortgage to a statute includes the statute as it may be amended and any replacement or substitute statute.

11.21 Equivalent Rates

The following table lists interest rates calculated monthly not in advance per annum together with the equivalent interest rates calculated half-yearly not in advance per annum. You may determine the equivalent interest rate by looking at an interest rate under the heading "interest rate per annum calculated monthly not in advance (%)" and comparing that interest rate to the interest rate set forth in the column immediately to the right of the said interest rate in the column under the heading "interest rate per annum calculated half-yearly not in advance (%)". This table is provided in order to satisfy any requirement under the Interest Act (Canada) to provide equivalent interest rates calculated half-yearly not in advance per annum.

interest rate per annum calculated monthly not in advance (%)	interest rate per annum calculated half-yearly not in advance (%)	interest rate per annum calculated monthly not in advance (%)	interest rate per annum calculated half-yearly not in advance (%)
2.0000	2.00835	11.125	11.38605
2.1250	2.13443	11.250	11.51699
2.2500	2.26057	11.375	11.64800
2.3750	2.38678	11.500	11.77907
2.5000	2.51306	11.625	11.91021
2.6250	2.63940	11.750	12.04141
2.7500	2.76580	11.875	12.17269
2.8750	2.89228	12.000	12.30403
3.000	3.01881	12.125	12.43544
3.125	3.14542	12.250	12.56692
3.250	3.27208	12.375	12.69846
3.375	3.39882	12.500	12.83008
3.500	3.52562	12.625	12.96176
3.625	3.65249	12.750	13.09351
3.750	3.77942	12.875	13.22533
3.875	3.77942	13.000	13.35721
4.000	4.03348	13.125	13.48916
4.125	4.16061	13.250	13.62118
4.250	4.28781	13.375	13.75327
4.375	4.41507	13.500	13.88543
4.500	4.54240	13.625	14.01766
4.625	4.66979	13.750	14.14995

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interest rate per annum calculated monthly not in advance (%)	interest rate per annum calculated half-yearly not in advance (%)	interest rate per annum calculated monthly not in advance (%)	interest rate per annum calculated half-yearly not in advance (%)
4.750	4.79725	13.875	14.28231
4.875	492478	14.000	14.41474
5.000	5.05237	14.125	14.54724
5.125	5.18003	14.250	14.67981
5.250	5.30776	14.375	14.81244
5.375	5.43555	14.500	14.94514
5.500	5.56341	14.625	15.07791
5.625	5.69133	14.750	15.21075
5.750	5.81932	14.875	15.34366
5.875	5.94738	15.000	15.47664
6.000	6.07550	15.125	15.60968
6.125	6.20369	15.250	15.74279
6.250	6.33195	15.375	15.87597
6.375	6.46027	15.500	16.00922
6.500	6.58866	15.625	16.14254
6.625	6.71711	15.750	16.27593
6.750	6.84564	15.875	16.40939
6.875	6.97423	16.000	16.54291
7.000	7.10288	16.125	16.67650
7.125	7.23160	16.250	16.81016
7.250	7.36039	16.375	16.94389
7.375	7.48925	16.500	17.07769
7.500	7.61817	16.625	17.21156
7.625	7.74716	16.750	17.34550
7.750	7.87621	16.875	17.47950
7.875	8.00534	17.000	17.61358
8.000	8.13452	17.125	17.74772
8.125	8.26378	17.250	17.88193
8.250	8.39310	17.375	18.01621
8.375	8.52249	17.500	18.15056
8.500	8.65195	17.625	18.28498
8.625	8.78147	17.750	18.41947
8.750	8.91106	17.875	18.55403
8.875	9.04072	18.000	18.68865
9.000	9.17045	18.125	18.82335
9.125	9.30024	18.250	18.95811
9.250	9.43010	18.375	19.09295
9.375	9.56002	18.500	19.22785
9.500	9.69002	18.625	19.36282
9.625	9.82008	18.750	19.49786
9.750	9.95021	18.875	19.63297
9.875	10.08040	19.000	19.76815
10.000	10.21066	19.125	19.90340
10.125	10.34099	19.250	20.03872
10.250	10.47139	19.375	20.17411
10.375	10.60185	19.500	20.30956
10.500	10.73238	19.625	20.44509
10.625	10.86298	19.750	20.58068
10.750	10.99365	19.875	20.71635
10.875	11.12438	20.000	20.85208
11.000	11.25519		

11.22 Receipt

You hereby acknowledge receipt of a true copy of the Mortgage and the foregoing Standard Charge Terms before signing the Mortgage.

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DATED the 7th day of April, 2008

THE EQUITABLE TRUST COMPANY
By its Solicitors, Cassels Brock & Blackwell LLP

Per: ______________________
Paul Muchnik

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STANDARD CHARGE TERMS
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Filing No. 200808 Cote
Filing Date May 5th 2008 Date de Dépôt
Page 1 of/de 20 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by: **MACQUARIE FINANCIAL LTD.**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

1. DEFINITIONS:

In this set of standard charge terms:

"Act" means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4 (as amended or replaced);

"adjustment date" means the date on which an interest adjustment occurs on an adjustable rate mortgage;

"AIG" means American International Group;

"borrower", **"you"** and **"your"** means each person who signs the mortgage as chargor(s);

"CMHC" means Canada Mortgage and Housing Corporation;

"GENW" means Genworth Financial Mortgage Insurance Company Canada, previously known as "GEMI" meaning GE Capital Mortgage Insurance Company (Canada);

"interest adjustment date" means the date specified as the interest adjustment date in the registered document;

"lender", **"we"**, **"our"** and **"us"** means Macquarie Financial Ltd., or any subsidiary of Macquarie Financial Ltd. as chargee;

"loan amount" means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

"mortgage or charge", when used as a noun, means a Charge/Mortgage of Land for the non-electronic paper based registration system or the charge prepared in electronic format for the electronic registration system, any schedules attached to it, any renewals or amendments and this set of standard charge terms;

"paragraph" refers to a numbered paragraph in this set of standard charge terms;

"principal amount" means the amount set out in the registered document;

"registered document" means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and any schedules attached to it and registered electronically pursuant to the provisions of Part III of the Act;

"schedule" means any schedule attached to the Charge/Mortgage of Land for the non-electronic paper based registration system or attached to the charge prepared in electronic format for the electronic registration system; and

"your property" means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the condominium corporation, and references to "your property" mean all or any part of it.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants set out in section 7(1) of the Act are excluded from the mortgage.

3. OUR LOAN TO YOU

In return for our lending you the principal amount or such portion of the principal amount as is advanced to you from time to time:

(a) if you are the owner of your property, you charge your entire interest in your property to us; or

(b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us,

in either case to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate payable by you is specified in the registered document. Interest is payable at the frequency set out in the registered document and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on the interest adjustment date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

5. ADJUSTABLE RATE MORTGAGE (Applicable only to Adjustable Rate Mortgages)

(a) Interest Rate

The interest rate payable by you under the mortgage is an adjustable rate which will automatically be adjusted monthly, with the first adjustment occurring on the first day of the month following the interest adjustment date (every day on which an adjustment is made is referred to herein as an "adjustment date") and on the first day of each month thereafter. On each adjustment date, the interest payable for the next monthly period will equal the Macquarie prime rate less or plus the amount stated in the mortgage provided the mortgage is not in default.

The interest rate payable by you under the adjustable rate mortgage will change to reflect changes in the Macquarie prime rate without any notice to you. If the Macquarie prime rate changes, we may send you notice of the new interest rate payable by you under the adjustable rate mortgage, but if we fail to do so or if you fail to receive our notice, you will still be liable to make all payments when due under your mortgage at the new interest rate. We may send you notice by mailing to you, at your last known address according to our records, a notice of the changed interest rate and its effective date, within a reasonable time after each change in the interest rate payable by you under the adjustable rate mortgage. A change in the interest rate payable by you under the adjustable rate mortgage will become effective on the day the Macquarie prime rate changes.

The Macquarie prime rate in effect at any time is available by visiting the internet website set out in the loan commitment.

The interest rate on this mortgage is calculated monthly not in advance and payable monthly as herein set forth, as well after as before maturity and both before and after default and judgment. The Appendix attached hereto contains a table setting out sample interest rates payable under an adjustable rate mortgage calculated monthly, not in advance, together with the equivalent interest rates calculated half-yearly not in advance. This table is for information purposes.

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(b) Payment Amount

(i) Adjustable Rate Mortgage – Fixed Payment

The amount of the monthly payment as at the date of advance of funds is set out on page one of the mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate for a fixed three year term. The amount of the monthly payment will be fixed for the term of the mortgage. If the amount of any monthly installment paid by you is insufficient to pay the interest accrued under the mortgage at the time such installment is paid, the accrued interest which remains unpaid shall itself bear interest (which is referred to as compound interest) at the adjustable mortgage rate until paid. In those instances where, due to a change in the adjustable mortgage rate, the monthly installments of principal and interest paid by you are less than the actual amounts owed by you, we may notify you of the amount of such excess and you shall, at our request, pay to us an amount equivalent to such excess. We shall also have the right to increase your monthly installments for the remainder of the term of the mortgage to an amount determined by us to cover further fluctuations in the adjustable mortgage rate.

(ii) Adjustable Rate Mortgage – Adjustable Payment

The amount of the monthly payment as at the date of advance of funds is set out on page one of the mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate for adjustable rate mortgage. The amount of the monthly payment will be adjusted each time the interest rate of the adjustable rate mortgage changes and will be calculated based on the then current principal balance and the original amortization period less the months under repayment. If the amount of any monthly installment paid by you is insufficient to pay the interest accrued under the mortgage at the time such installment is paid, the accrued interest which remains unpaid shall itself bear interest (which is referred to as compound interest) at the adjustable mortgage rate until paid.

(c) Conversion

You, when never having been in default under the terms of this mortgage, shall have the option at any time during the initial term of the mortgage of converting to a fixed rate mortgage with a term equal to the remaining term. The mortgage will be converted for the remaining term of the original mortgage upon receipt of a written request made by you and delivered to our head office located in the Province of Ontario. The interest rate for the converted mortgage shall be based on our prevailing posted interest rates in effect on the date the written request for conversion is received by us. The conversion to a fixed rate mortgage will take effect on the next adjustment date applicable under the mortgage following receipt by us of the written request for conversion to a fixed term.

You, when never having been in default under the terms of this mortgage, shall also have the option at any time during the initial term of the mortgage of converting to a fixed rate mortgage with a term greater than the remaining term of the original mortgage that you select and we approve. You shall advise us of the term you have selected by written request delivered to our head office located in the Province of Ontario. The interest rate for the converted mortgage shall be based on our prevailing posted interest rates then in effect for the term selected by you and approved by us. The terms of the mortgage, as varied, including the day for the first payment at the fixed interest rate, will be those offered by us at that time and will be contained in a written agreement with you. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as varied, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

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6. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will charge interest at the rate provided for in the mortgage (called "compound interest") both before and after the balance due date set out in the registered document, default and judgment on all overdue amounts (including interest). You must pay this additional interest immediately when we require, both before and after the balance due date, default and judgment.

7. PROVISIONS REGARDING ALTERNATE PAYMENT FREQUENCIES

Notwithstanding the monthly payment dates set out elsewhere in the mortgage, in the event you elect to make payments more frequently as permitted, the following provisions shall apply:

(a) If you elect an **Accelerated Weekly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/4 of the regular monthly installment, payable on the 7th day following the interest adjustment date and on every 7th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds two (2) weekly payments, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(b) If you elect an **Accelerated Bi-Weekly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/2 of the regular monthly installment, payable on the 14th day following the interest adjustment date and on every 14th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds one (1) bi-weekly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(c) If you elect a **Semi-Monthly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/2 of the regular monthly installment, payable on the 1st day and the 15th day of each month commencing with the first such day following the interest adjustment date.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds one (1) semi-monthly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

8. REPAYMENT OF LOAN AMOUNT

(a) Currency and Place

You will pay the loan amount to us in Canadian Dollars, at the address set out in the registered document or as you may be notified in writing.

(b) Interest Adjustment Date

(i) Fixed Rate Mortgages: Interest on advances up to the interest adjustment date will be calculated semi-annually not in advance at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

(ii) Adjustable Rate Mortgages: Interest on advances up to the interest adjustment date will be calculated monthly at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

(iii) Accrued interest on progress advances, if this is a building mortgage, up to the interest adjustment date established for the initial term of the mortgage, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapse between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage, will be deducted from the last substantial advance.

(c) Regular Payments

You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document starting with the first payment date until and including the last payment date. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

(d) Payment Provisions on Default

If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes (if applicable), life insurance premiums (if applicable) and insurance premiums for any other insurance programs selected by you (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 18.

(e) Bank Account for Payments

You must maintain an account of a type satisfactory to us with a branch of a bank, trust company or credit union and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes (if applicable), life insurance premiums (if applicable) and insurance premiums for any other selected insurance programs (if applicable) when due, and any other amounts due and owing by you to us from time to time under the mortgage. You must make sure that the account always contains sufficient funds to make each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then processing fees for any actions which we have to take under this paragraph 8.

9. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used in the following order to pay: a) to pay interest or reduce the interest on the principal amount accumulated to but not including the payment date; b) collection expenses, if any; c) life insurance premiums, if any, and insurance premiums for any other selected insurance programs, if any; d) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the mortgage, including tax accounts (the "escrow accounts"); and e) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage we may apply your payment or any other money we receive towards any part of the outstanding loan amount we choose.

10. YOUR PREPAYMENT RIGHTS

This mortgage is closed. However, when not in default of any of the terms, covenants, conditions or provisions contained in the mortgage, you shall have the following privileges for payment of extra principal amounts:

(1) During each calendar year following the advance of funds you may, without penalty:

(i) make prepayments totalling up to twenty percent (20%) of the original principal amount of the mortgage;

(ii) increase the monthly payment by a total up to twenty percent (20%) of the then current monthly payment.

These privileges shall not be cumulative and do not apply if you are prepaying more than twenty percent (20%) of the original principal amount of the mortgage, even if you have not used the privilege in the calendar year in which the prepayment is made.

(2) At our option, you may prepay the loan amount at any time upon payment of an amount equal to the GREATER of:

(i) the interest differential based on the difference between the current interest rate of the mortgage and our prevailing posted interest rates interpolated for the remaining term, calculated over the term remaining on the original mortgage, all as determined by us at our sole direction; or

(ii) three (3) months interest penalty calculated at the current interest rate of the mortgage.

11. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

(i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful registered and beneficial owner of your property and there are no encumbrances affecting title to your property;

(iii) you have the right to give us the mortgage;

(iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the land titles/registry office and except for building and zoning by-laws, with which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and

- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

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We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we will have possession of your property without any encumbrances or interference;

(viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property; and

(ix) you will indemnify us against all actions, claims, costs and demands that we may suffer should you default under the mortgage.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good legal and beneficial leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles/registry office and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 11(b)(xii) as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the

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mortgage, particularly those referred to in paragraph 23(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 23 and, in particular, under paragraph 23(a)(iv);

(xv) we may remove you or any other person as trustee of the trust referred to in paragraph 11(b)(xiii) and appoint a new trustee or trustees.

12. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all holdbacks required by all applicable federal, provincial or municipal laws. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

13. INSURANCE (Paragraph 13 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than their full replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and not less than 15 days before any policy expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the rate specified in the registered document.

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

(i) used to repair or rebuild your property;

(ii) paid to you; or

(iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

14. PROPERTY TAXES

(Please note that the lender has not yet instituted a program for collecting tax installments from its borrowers. Until such time as such program is instituted, borrowers must pay property taxes directly to the local taxing authority in accordance with paragraph 14(e) below.)

(a) "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.

(b) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

(c) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax installment calculated as below, based on the estimated annual taxes (as determined by us) that will be payable for the year following such regular mortgage payment date. The amount of each tax installment shall be:

(i) if the payments of the principal and interest are weekly: estimated annual taxes x 7/365

(ii) if the payments of the principal and interest are bi-weekly: estimated annual taxes x 14/365

(iii) if the payments of the principal and interest are semi-monthly: estimated annual taxes x 1/24

(iv) if the payments of the principal and interest are monthly: estimated annual taxes x 1/12

(d) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 14(c). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them. We do not have to hold any moneys which you send us under this paragraph 14 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may if we wish, apply any moneys which we have received under paragraph 14 to any portion of the loan amount.

(e) Notwithstanding any proviso or covenant contained elsewhere in this document, we may (in our sole discretion, but not under any obligation to do so) permit you to pay the property taxes directly to the local taxing authority. As a condition of us permitting you to pay the property taxes directly to the local taxing authority, you covenant and agree to pay the property taxes directly to the local taxing authority, you covenant and agree to pay taxes as and when the taxes become due and to submit to us tax receipts evidencing the payment of the said taxes within 30 days after they become due and you further agree that we may revoke this permission at any time, in which event paragraphs 14(a) through (d) will apply.

15. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

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You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph then we can, but are not required to, make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

16. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the registered document then we do not have to do so. This applies even if the mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Even so, you have charged all of your interest in your property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and expenses, for investigating title to your property and for registering the mortgage.

17. LEASES AND RENTS

(a) If your property is intended to be used as owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to do at our option.

(b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents and other amounts payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

(c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

- execute and deliver to us an assignment in registrable form acceptable to us of all leases, lease agreements and their renewals, rents and other amounts payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may, at our option, include a provision for estoppel certificates from tenants or specific assignments of leases, or both; and
- give us security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 17, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

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(e) Nothing we do under this paragraph 17 will put us in possession of your property and we are not obliged to collect any rent or income from your property or to comply with any term of any lease or agreement.

(f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section 52(1) of the *Mortgages Act*, R.S.O. 1990, c.M.40 (as amended or replaced).

18. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

(a) you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 11) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days;

(f) your property is abandoned;

(g) if any of you or any guarantor makes an assignment for the benefit of your creditors, makes a proposal or otherwise takes advantage of provisions for relief from creditors under the *Bankruptcy and Insolvency Act* or similar legislation in any jurisdiction or any proceeding is instituted against you or any guarantor seeking to have an order for relief entered against any of you as debtor or to adjudicate any of you as bankrupt or insolvent;

(h) a receiver of all or any part of the property is appointed;

(i) a writ of execution against the property remains unsatisfied for a period of five (5) days;

(j) the holder of any other charge, lien or claim against the property does anything to enforce or realize on its claim;

(k) all or any portion of the property is expropriated;

(l) if you or any guarantor dies or is declared incompetent to manage your, his or her affairs; or

(m) you sell, transfer or convey your legal or beneficial interest in the property, in whole or in part, or any interest therein, without our prior written consent.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

19. BUILDING MORTGAGE

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as possible.

Subject to paragraph 16, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Construction Lien Act*, R.S.O. 1990, c.C.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

20. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

21. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended with or without penalty by written agreement(s) with you, with or without any increase in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

Renewal of Mortgage: In the event that we do not receive your instructions regarding the renewal of the mortgage by the maturity date set out in the registered document and you have not repaid the loan amount in full on the maturity date, then, at our option, without entering into a further agreement with you, effective on the maturity date set out in the registered document, the mortgage will be extended or renewed for one year from the maturity date and the interest rate will be our then current interest rate for a one year fixed rate mortgage. For greater certainty, the mortgage will then be a fixed rate mortgage even if you currently have an adjustable rate mortgage.

22. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee under a lease of your property, we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all such payments which we have made and costs which we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. Any interest which accrues as a result of changes requested by you to the frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in the registered document.

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If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

23. ENFORCING OUR RIGHTS

(a) **Remedies**. If:

(A) you do not make any payment when required under the mortgage, have misrepresented personal or credit information required to grant the mortgage, or do not comply with any of your other obligations under the mortgage; or

(B) you or any guarantor dies or is declared incompetent to manage your, his or her affairs,

we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you**. We may take such action as is necessary to collect the loan amount.

(ii) **Foreclosure or Sale**. We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) **Lease Your Property**. If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(iv) **Power of Sale**. If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act* enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) **Enter on Your Property**. We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount.

(vi) **Appoint a Receiver**. We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents and other similar amounts, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage and pay all or any part of the loan amount whether it is due or not.

(vii) **Cure Any Defaults**. We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(b) **Non-interference**. If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) **Our expenses**. All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a solicitor and client basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(d) **Delay in Enforcement**. Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(e) **Judgments**. If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

24. CONDOMINIUM

(If your property is a condominium unit, you must also comply with paragraph 24 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 13.)

The corporation created by the registration of a declaration under the *Condominium Act 1998*, S.O. 1998, c.19 (as amended or replaced) is called the "condominium corporation".

(a) **Compliance with the Condominium Act, etc**. You will comply with the *Condominium Act* and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses**. You will pay all amounts required by the *Condominium Act* and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf and you will be in default under the mortgage.

(c) **Notices and Demands**. You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights**.

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Condominium Act* to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act* to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount**. At our option, the loan amount will become payable immediately if:

(i) government of the property of the condominium corporation under the *Condominium Act* is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of common elements;

(iii) the condominium corporation fails to comply with the *Condominium Act*, declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage and other perils usually insured against for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance**. Under the *Condominium Act*, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You, the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

(g) **Parking.** In the event that you sell, transfer, assign or convey any parking unit(s) encumbered by the mortgage while retaining title to (or ownership of) the dwelling unit so encumbered by the mortgage, or in the event that you sell, transfer, assign or convey the aforementioned parking unit(s) as well as the said dwelling unit but to different purchasers, transferees or assignees, then in either case the total outstanding loan amount secured by the mortgage shall become due and payable

25. DUE ON SALE AND RELEASE

In the event you transfer legal or beneficial title to your property, in whole or in part, or any interest therein, or enter into and/or register an agreement of purchase and sale in respect of such transfer, or agree to do so, to anyone, and if:

(i) you fail to apply in writing for our approval as to the transferee and the terms and conditions of the transfer;

(ii) we do not approve in writing the transferee;

(iii) we do not approve in writing the terms and conditions of the transfer; or

(iv) the transferee fails to enter into an assumption agreement satisfactory to us, agreeing to assume the mortgage and any amendments thereto, and any collateral agreements and to pay the amount thereby secured and perform every covenant, condition and obligation contained in the mortgage and any amendments thereto, and any collateral agreements, to be performed by the borrower thereunder (including this obligation) at the time and in the manner and in all respects as therein contained and to be bound by each and all of the terms, covenants, conditions and obligations of the mortgage and any amendments thereof,

then, in any such case, the loan amount will, at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

(i) we give our written approval to you to transfer your property;

(ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place; and

(iii) you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons together with a guarantee agreement(s) (if required by us).

26. ASSUMPTION

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

27. INSPECTION

If we, CMHC, GENW or AIG (if this is a CMHC, GENW or AIG insured mortgage), or our respective agents have reason to believe that the property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GENW, AIG or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC, GENW or AIG consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC, GENW or AIG and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

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28. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

29. GUARANTEE

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor agrees with us as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrower without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

30. PORTABILITY OPTION

Provided that we have not approved an assumption of this mortgage, if you dispose of your entire interest in your property and coincidentally acquire title to another property in the same province, you may request, at least 5 business days prior to the disposition, a replacement mortgage loan to be secured by a mortgage, satisfactory to us, on the acquired property. The new mortgage shall not exceed the then outstanding principal amount of the original mortgage, shall be on the same terms and conditions, including interest rate, as in the original mortgage and be for a term equal to the remaining term of the original mortgage. You must also first obtain our prior approval of the property to be acquired and satisfy all of our standard underwriting requirements. You shall pay all legal costs incurred by us in discharging the original mortgage and for preparing and registering the replacement mortgage, including a service fee.

The mortgage can be ported up to 60 days after the discharge of the original mortgage subject to written notification at least 5 business days prior to the disposition. The prepayment penalty is collected upon the discharge of the original property and will be returned to you on the closing of the acquired property.

31. READVANCE OPTION

(Please note that this readvance option is currently not available.)

If (i) your property consists only of a single family residence, (ii) you are not in default of any obligations, (iii) there are no subsequent encumbrances on title to your property and (iv) you complete a new mortgage loan application which is approved by us and satisfies our requirements, you may, at our discretion, increase the outstanding principal amount of the mortgage up to the original registered amount without having to register a new mortgage. If we request, you will enter into an agreement with us that any additional principal amounts loaned to you by us are secured by the mortgage. You will be responsible to pay any and all costs and fees charged by us and any of our representatives. Any advance funds will be subject to the interest rate charged by us at the time funds are advanced, for a loan with a term similar to the remaining term of the current mortgage. The amount of monthly payment will be adjusted to reflect the adjusted interest rate and shall be based upon an amortization period equal to the original amortization period less the period of time then passed since the interest adjustment date.

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32. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

33. DISCHARGE

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee. If electronic registration is available for your mortgage, we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

34. ADMINISTRATION FEES

You agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, a transfer of the mortgage to another party, statements for information purposes, any fees referred to in paragraph 8(e), replacement of cheques or re-presenting of preauthorized debits where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage. The amount of such fees in effect at any particular time is available by contacting us.

35. *FAMILY LAW ACT*

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O. 1990, c.F.3 (as amended or replaced). After any change in your marital status, you will provide us with the full name and birth date of any spouse, so that we are kept fully informed of the names and addresses of the owner or owners of the property and of any spouse who is not an owner but who has a right to possess the property.

36. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

37. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document.

38. *ONTARIO NEW HOME WARRANTIES PLAN ACT*

If the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c.O.31 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

39. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

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If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

40. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

41. PARAGRAPH HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

42. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the *National Housing Act*, R.S.C. 1985, c.N-11 (as amended or replaced).

43. SECURITIZATION

We may, at our option, sell, assign or encumber your mortgage to one or more third party(ies) without notice to you, any guarantor or any spouse signing your mortgage and without requiring any consent. If we do so, you agree that your mortgage shall continue to secure all amounts owing under your mortgage. Once sold or assigned, your mortgage may be repurchased by us, whether or not it is in default. You and each guarantor and spouse executing the mortgage hereby authorize and consent to us or any other person having an interest in the mortgage from time to time and their or our respective agents and advisors including any party retained to service the mortgage, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any guarantor and your spouse, the mortgage loan and your property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with your mortgage from time to time.

44. AMENDMENTS TO STANDARD CHARGE TERMS

This set of standard charge terms may be amended and specific provisions added, deleted or changed by adding a schedule to the form of mortgage registered in the land registry office.

45. ACKNOWLEDGEMENT

By signing and delivering the mortgage, you acknowledge receipt of a true copy of these standard charge terms.

DATED at Toronto, the 29th day of April, 2008

MACQUARIE FINANCIAL LTD.

by its solicitors
BLAKE, CASSELS & GRAYDON LLP

Per: A D'Alimonte

STANDARD CHARGE TERMS
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Appendix
Equivalent Interest Rates

If the interest rate specified in your mortgage is compounded monthly not in advance, you may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below.

MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY
1.000	1.00209	**9.000**	9.17045	**17.000**	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	18.55403
2.000	2.00835	**10.000**	10.21066	**18.000**	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49766
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200809 Cote
Filing Date May 5th 2008 Date de Dépôt
Page 1 of/de 20 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by: **MACQUARIE FINANCIAL LTD.**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

1. DEFINITIONS:

In this set of standard charge terms:

"Act" means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4 (as amended or replaced);

"adjustment date" means the date on which an interest adjustment occurs on an adjustable rate mortgage;

"AIG" means American International Group;

"borrower", **"you"** and **"your"** means each person who signs the mortgage as chargor(s);

"CMHC" means Canada Mortgage and Housing Corporation;

"GENW" means Genworth Financial Mortgage Insurance Company Canada, previously known as "GEMI" meaning GE Capital Mortgage Insurance Company (Canada);

"interest adjustment date" means the date specified as the interest adjustment date in the registered document;

"lender", **"we"**, **"our"** and **"us"** means Computershare Trust Company of Canada ("Computershare") and any person who acquires the interest of Computershare under the mortgage or for whom Computershare may, from time to time, hold the mortgage;

"loan amount" means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;

"mortgage or charge", when used as a noun, means a Charge/Mortgage of Land for the non-electronic paper based registration system or the charge prepared in electronic format for the electronic registration system, any schedules attached to it, any renewals or amendments and this set of standard charge terms;

"paragraph" refers to a numbered paragraph in this set of standard charge terms;

"principal amount" means the amount set out in the registered document;

"registered document" means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and any schedules attached to it and registered electronically pursuant to the provisions of Part III of the Act;

"schedule" means any schedule attached to the Charge/Mortgage of Land for the non-electronic paper based registration system or attached to the charge prepared in electronic format for the electronic registration system; and

"your property" means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the condominium corporation, and references to "your property" mean all or any part of it.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants set out in section 7(1) of the Act are excluded from the mortgage.

3. OUR LOAN TO YOU

In return for our lending you the principal amount or such portion of the principal amount as is advanced to you from time to time:

(a) if you are the owner of your property, you charge your entire interest in your property to us; or

(b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us,

in either case to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate payable by you is specified in the registered document. Interest is payable at the frequency set out in the registered document and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on the interest adjustment date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

5. ADJUSTABLE RATE MORTGAGE (Applicable only to Adjustable Rate Mortgages)

(a) Interest Rate

The interest rate payable by you under the mortgage is an adjustable rate which will automatically be adjusted monthly, with the first adjustment occurring on the first day of the month following the interest adjustment date (every day on which an adjustment is made is referred to herein as an "adjustment date") and on the first day of each month thereafter. On each adjustment date, the interest payable for the next monthly period will equal the Macquarie prime rate less or plus the amount stated in the mortgage provided the mortgage is not in default.

The interest rate payable by you under the adjustable rate mortgage will change to reflect changes in the Macquarie prime rate without any notice to you. If the Macquarie prime rate changes, we may send you notice of the new interest rate payable by you under the adjustable rate mortgage, but if we fail to do so or if you fail to receive our notice, you will still be liable to make all payments when due under your mortgage at the new interest rate. We may send you notice by mailing to you, at your last known address according to our records, a notice of the changed interest rate and its effective date, within a reasonable time after each change in the interest rate payable by you under the adjustable rate mortgage. A change in the interest rate payable by you under the adjustable rate mortgage will become effective on the day the Macquarie prime rate changes.

The Macquarie prime rate in effect at any time is available by visiting the internet website set out in the loan commitment.

The interest rate on this mortgage is calculated monthly not in advance and payable monthly as herein set forth, as well after as before maturity and both before and after default and judgment. The Appendix attached hereto contains a table setting out sample interest rates payable under an adjustable rate mortgage calculated monthly, not in advance, together with the equivalent interest rates calculated half-yearly not in advance. This table is for information purposes.

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(b) Payment Amount

(i) Adjustable Rate Mortgage – Fixed Payment

The amount of the monthly payment as at the date of advance of funds is set out on page one of the mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate for a fixed three year term. The amount of the monthly payment will be fixed for the term of the mortgage. If the amount of any monthly installment paid by you is insufficient to pay the interest accrued under the mortgage at the time such installment is paid, the accrued interest which remains unpaid shall itself bear interest (which is referred to as compound interest) at the adjustable mortgage rate until paid. In those instances where, due to a change in the adjustable mortgage rate, the monthly installments of principal and interest paid by you are less than the actual amounts owed by you, we may notify you of the amount of such excess and you shall, at our request, pay to us an amount equivalent to such excess. We shall also have the right to increase your monthly installments for the remainder of the term of the mortgage to an amount determined by us to cover further fluctuations in the adjustable mortgage rate.

(ii) Adjustable Rate Mortgage – Adjustable Payment

The amount of the monthly payment as at the date of advance of funds is set out on page one of the mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate for adjustable rate mortgage. The amount of the monthly payment will be adjusted each time the interest rate of the adjustable rate mortgage changes and will be calculated based on the then current principal balance and the original amortization period less the months under repayment. If the amount of any monthly installment paid by you is insufficient to pay the interest accrued under the mortgage at the time such installment is paid, the accrued interest which remains unpaid shall itself bear interest (which is referred to as compound interest) at the adjustable mortgage rate until paid.

(c) Conversion

You, when never having been in default under the terms of this mortgage, shall have the option at any time during the initial term of the mortgage of converting to a fixed rate mortgage with a term equal to the remaining term. The mortgage will be converted for the remaining term of the original mortgage upon receipt of a written request made by you and delivered to our head office located in the Province of Ontario. The interest rate for the converted mortgage shall be based on our prevailing posted interest rates in effect on the date the written request for conversion is received by us. The conversion to a fixed rate mortgage will take effect on the next adjustment date applicable under the mortgage following receipt by us of the written request for conversion to a fixed term.

You, when never having been in default under the terms of this mortgage, shall also have the option at any time during the initial term of the mortgage of converting to a fixed rate mortgage with a term greater than the remaining term of the original mortgage that you select and we approve. You shall advise us of the term you have selected by written request delivered to our head office located in the Province of Ontario. The interest rate for the converted mortgage shall be based on our prevailing posted interest rates then in effect for the term selected by you and approved by us. The terms of the mortgage, as varied, including the day for the first payment at the fixed interest rate, will be those offered by us at that time and will be contained in a written agreement with you. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as varied, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

6. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will charge interest at the rate provided for in the mortgage (called "compound interest") both before and after the balance due date set out in the registered document, default and judgment on all overdue amounts (including interest). You must pay this additional interest immediately when we require, both before and after the balance due date, default and judgment.

7. PROVISIONS REGARDING ALTERNATE PAYMENT FREQUENCIES

Notwithstanding the monthly payment dates set out elsewhere in the mortgage, in the event you elect to make payments more frequently as permitted, the following provisions shall apply:

(a) If you elect an **Accelerated Weekly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/4 of the regular monthly installment, payable on the 7th day following the interest adjustment date and on every 7th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds two (2) weekly payments, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(b) If you elect an **Accelerated Bi-Weekly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/2 of the regular monthly installment, payable on the 14th day following the interest adjustment date and on every 14th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds one (1) bi-weekly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(c) If you elect a **Semi-Monthly Payment Schedule** you shall (until default as described below) pay the required monthly installments as follows by payments equal to 1/2 of the regular monthly installment, payable on the 1st day and the 15th day of each month commencing with the first such day following the interest adjustment date.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds one (1) semi-monthly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

8. REPAYMENT OF LOAN AMOUNT

(a) Currency and Place

You will pay the loan amount to us in Canadian Dollars, at the address set out in the registered document or as you may be notified in writing.

(b) Interest Adjustment Date

(i) Fixed Rate Mortgages: Interest on advances up to the interest adjustment date will be calculated semi-annually not in advance at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

(ii) Adjustable Rate Mortgages: Interest on advances up to the interest adjustment date will be calculated monthly at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

(iii) Accrued interest on progress advances, if this is a building mortgage, up to the interest adjustment date established for the initial term of the mortgage, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapse between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage, will be deducted from the last substantial advance.

(c) Regular Payments

You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document starting with the first payment date until and including the last payment date. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

(d) Payment Provisions on Default

If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes (if applicable), life insurance premiums (if applicable) and insurance premiums for any other insurance programs selected by you (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 18.

(e) Bank Account for Payments

You must maintain an account of a type satisfactory to us with a branch of a bank, trust company or credit union and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes (if applicable), life insurance premiums (if applicable) and insurance premiums for any other selected insurance programs (if applicable) when due, and any other amounts due and owing by you to us from time to time under the mortgage. You must make sure that the account always contains sufficient funds to make each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then processing fees for any actions which we have to take under this paragraph 8.

9. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used in the following order to pay: a) to pay interest or reduce the interest on the principal amount accumulated to but not including the payment date; b) collection expenses, if any; c) life insurance premiums, if any, and insurance premiums for any other selected insurance programs, if any; d) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the mortgage, including tax accounts (the "escrow accounts"); and e) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage we may apply your payment or any other money we receive towards any part of the outstanding loan amount we choose.

10. YOUR PREPAYMENT RIGHTS

This mortgage is closed. However, when not in default of any of the terms, covenants, conditions or provisions contained in the mortgage, you shall have the following privileges for payment of extra principal amounts:

(1) During each calendar year following the advance of funds you may, without penalty:

(i) make prepayments totalling up to twenty percent (20%) of the original principal amount of the mortgage;

(ii) increase the monthly payment by a total up to twenty percent (20%) of the then current monthly payment .

These privileges shall not be cumulative and do not apply if you are prepaying more than twenty percent (20%) of the original principal amount of the mortgage, even if you have not used the privilege in the calendar year in which the prepayment is made.

(2) At our option, you may prepay the loan amount at any time upon payment of an amount equal to the GREATER of:

(i) the interest differential based on the difference between the current interest rate of the mortgage and our prevailing posted interest rates interpolated for the remaining term, calculated over the term remaining on the original mortgage, all as determined by us at our sole direction; or

(ii) three (3) months interest penalty calculated at the current interest rate of the mortgage.

11. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

(i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful registered and beneficial owner of your property and there are no encumbrances affecting title to your property;

(iii) you have the right to give us the mortgage;

(iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the land titles/registry office and except for building and zoning by-laws, with which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and
- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

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We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we will have possession of your property without any encumbrances or interference;

(viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property; and

(ix) you will indemnify us against all actions, claims, costs and demands that we may suffer should you default under the mortgage.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good legal and beneficial leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles/registry office and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 11(b)(xii) as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 23(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 23 and, in particular, under paragraph 23(a)(iv);

(xv) we may remove you or any other person as trustee of the trust referred to in paragraph 11(b)(xiii) and appoint a new trustee or trustees.

12. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all holdbacks required by all applicable federal, provincial or municipal laws. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

13. INSURANCE (Paragraph 13 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than their full replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and not less than 15 days before any policy expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the rate specified in the registered document.

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

(i) used to repair or rebuild your property;

(ii) paid to you; or

(iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

14. PROPERTY TAXES

(Please note that the lender has not yet instituted a program for collecting tax installments from its borrowers. Until such time as such program is instituted, borrowers must pay property taxes directly to the local taxing authority in accordance with paragraph 14(e) below.)

(a) "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.

(b) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

(c) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax installment calculated as below, based on the estimated annual taxes (as determined by us) that will be payable for the year following such regular mortgage payment date. The amount of each tax installment shall be:

(i) if the payments of the principal and interest are weekly: estimated annual taxes x 7/365

(ii) if the payments of the principal and interest are bi-weekly: estimated annual taxes x 14/365

(iii) if the payments of the principal and interest are semi-monthly: estimated annual taxes x 1/24

(iv) if the payments of the principal and interest are monthly: estimated annual taxes x 1/12

(d) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 14(c). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them. We do not have to hold any moneys which you send us under this paragraph 14 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may if we wish, apply any moneys which we have received under paragraph 14 to any portion of the loan amount.

(e) Notwithstanding any proviso or covenant contained elsewhere in this document, we may (in our sole discretion, but not under any obligation to do so) permit you to pay the property taxes directly to the local taxing authority. As a condition of us permitting you to pay the property taxes directly to the local taxing authority, you covenant and agree to pay the property taxes directly to the local taxing authority, you covenant and agree to pay taxes as and when the taxes become due and to submit to us tax receipts evidencing the payment of the said taxes within 30 days after they become due and you further agree that we may revoke this permission at any time, in which event paragraphs 14(a) through (d) will apply.

15. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph then we can, but are not required to, make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

16. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the registered document then we do not have to do so. This applies even if the mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Even so, you have charged all of your interest in your property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and expenses, for investigating title to your property and for registering the mortgage.

17. LEASES AND RENTS

(a) If your property is intended to be used as owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to do at our option.

(b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents and other amounts payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

(c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

- execute and deliver to us an assignment in registrable form acceptable to us of all leases, lease agreements and their renewals, rents and other amounts payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may, at our option, include a provision for estoppel certificates from tenants or specific assignments of leases, or both; and
- give us security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 17, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph 17 will put us in possession of your property and we are not obliged to collect any rent or income from your property or to comply with any term of any lease or agreement.

(f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section 52(1) of the *Mortgages Act*, R.S.O. 1990, c.M.40 (as amended or replaced).

18. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

(a) you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 11) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days;

(f) your property is abandoned;

(g) if any of you or any guarantor makes an assignment for the benefit of your creditors, makes a proposal or otherwise takes advantage of provisions for relief from creditors under the *Bankruptcy and Insolvency Act* or similar legislation in any jurisdiction or any proceeding is instituted against you or any guarantor seeking to have an order for relief entered against any of you as debtor or to adjudicate any of you as bankrupt or insolvent;

(h) a receiver of all or any part of the property is appointed;

(i) a writ of execution against the property remains unsatisfied for a period of five (5) days;

(j) the holder of any other charge, lien or claim against the property does anything to enforce or realize on its claim;

(k) all or any portion of the property is expropriated;

(l) if you or any guarantor dies or is declared incompetent to manage your, his or her affairs; or

(m) you sell, transfer or convey your legal or beneficial interest in the property, in whole or in part, or any interest therein, without our prior written consent.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

19. BUILDING MORTGAGE

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as possible.

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Subject to paragraph 16, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Construction Lien Act*, R.S.O. 1990, c.C.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

20. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

21. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended with or without penalty by written agreement(s) with you, with or without any increase in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

Renewal of Mortgage: In the event that we do not receive your instructions regarding the renewal of the mortgage by the maturity date set out in the registered document and you have not repaid the loan amount in full on the maturity date, then, at our option, without entering into a further agreement with you, effective on the maturity date set out in the registered document, the mortgage will be extended or renewed for one year from the maturity date and the interest rate will be our then current interest rate for a one year fixed rate mortgage. For greater certainty, the mortgage will then be a fixed rate mortgage even if you currently have an adjustable rate mortgage.

22. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee under a lease of your property, we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all such payments which we have made and costs which we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. Any interest which accrues as a result of changes requested by you to the frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in the registered document.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

23. ENFORCING OUR RIGHTS

(a) **Remedies**. If:

(A) you do not make any payment when required under the mortgage, have misrepresented personal or credit information required to grant the mortgage, or do not comply with any of your other obligations under the mortgage; or

(B) you or any guarantor dies or is declared incompetent to manage your, his or her affairs,

we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you**. We may take such action as is necessary to collect the loan amount.

(ii) **Foreclosure or Sale**. We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) **Lease Your Property**. If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(iv) **Power of Sale**. If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act* enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) **Enter on Your Property**. We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount.

(vi) **Appoint a Receiver**. We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents and other similar amounts, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage and pay all or any part of the loan amount whether it is due or not.

(vii) **Cure Any Defaults**. We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(b) **Non-interference**. If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) **Our expenses**. All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a solicitor and client basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(d) **Delay in Enforcement**. Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(e) **Judgments**. If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

24. CONDOMINIUM

(If your property is a condominium unit, you must also comply with paragraph 24 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 13.)

The corporation created by the registration of a declaration under the *Condominium Act 1998*, S.O. 1998, c.19 (as amended or replaced) is called the "condominium corporation".

(a) **Compliance with the Condominium Act, etc**. You will comply with the *Condominium Act* and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses**. You will pay all amounts required by the *Condominium Act* and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf and you will be in default under the mortgage.

(c) **Notices and Demands**. You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights**.

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Condominium Act* to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act* to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount**. At our option, the loan amount will become payable immediately if:

(i) government of the property of the condominium corporation under the *Condominium Act* is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of common elements;

(iii) the condominium corporation fails to comply with the *Condominium Act*, declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage and other perils usually insured against for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance**. Under the *Condominium Act*, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You, the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

(g) **Parking.** In the event that you sell, transfer, assign or convey any parking unit(s) encumbered by the mortgage while retaining title to (or ownership of) the dwelling unit so encumbered by the mortgage, or in the event that you sell, transfer, assign or convey the aforementioned parking unit(s) as well as the said dwelling unit but to different purchasers, transferees or assignees, then in either case the total outstanding loan amount secured by the mortgage shall become due and payable.

25. DUE ON SALE AND RELEASE

In the event you transfer legal or beneficial title to your property, in whole or in part, or any interest therein, or enter into and/or register an agreement of purchase and sale in respect of such transfer, or agree to do so, to anyone, and if:

(i) you fail to apply in writing for our approval as to the transferee and the terms and conditions of the transfer;

(ii) we do not approve in writing the transferee;

(iii) we do not approve in writing the terms and conditions of the transfer; or

(iv) the transferee fails to enter into an assumption agreement satisfactory to us, agreeing to assume the mortgage and any amendments thereto, and any collateral agreements and to pay the amount thereby secured and perform every covenant, condition and obligation contained in the mortgage and any amendments thereto, and any collateral agreements, to be performed by the borrower thereunder (including this obligation) at the time and in the manner and in all respects as therein contained and to be bound by each and all of the terms, covenants, conditions and obligations of the mortgage and any amendments thereof,

then, in any such case, the loan amount will, at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

(i) we give our written approval to you to transfer your property;

(ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place; and

(iii) you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons together with a guarantee agreement(s) (if required by us).

26. ASSUMPTION

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

27. INSPECTION

If we, CMHC, GENW or AIG (if this is a CMHC, GENW or AIG insured mortgage), or our respective agents have reason to believe that the property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GENW, AIG or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC, GENW or AIG consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC, GENW or AIG and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

28. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

29. GUARANTEE

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrower without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

30. PORTABILITY OPTION

Provided that we have not approved an assumption of this mortgage, if you dispose of your entire interest in your property and coincidentally acquire title to another property in the same province, you may request, at least 5 business days prior to the disposition, a replacement mortgage loan to be secured by a mortgage, satisfactory to us, on the acquired property. The new mortgage shall not exceed the then outstanding principal amount of the original mortgage, shall be on the same terms and conditions, including interest rate, as in the original mortgage and be for a term equal to the remaining term of the original mortgage. You must also first obtain our prior approval of the property to be acquired and satisfy all of our standard underwriting requirements. You shall pay all legal costs incurred by us in discharging the original mortgage and for preparing and registering the replacement mortgage, including a service fee.

The mortgage can be ported up to 60 days after the discharge of the original mortgage subject to written notification at least 5 business days prior to the disposition. The prepayment penalty is collected upon the discharge of the original property and will be returned to you on the closing of the acquired property.

31. READVANCE OPTION

(Please note that this readvance option is currently not available.)

If (i) your property consists only of a single family residence, (ii) you are not in default of any obligations, (iii) there are no subsequent encumbrances on title to your property and (iv) you complete a new mortgage loan application which is approved by us and satisfies our requirements, you may, at our discretion, increase the outstanding principal amount of the mortgage up to the original registered amount without having to register a new mortgage. If we request, you will enter into an agreement with us that any additional principal amounts loaned to you by us are secured by the mortgage. You will be responsible to pay any and all costs and fees charged by us and any of our representatives. Any advance funds will be subject to the interest rate charged by us at the time funds are advanced, for a loan with a term similar to the remaining term of the current mortgage. The amount of monthly payment will be adjusted to reflect the adjusted interest rate and shall be based upon an amortization period equal to the original amortization period less the period of time then passed since the interest adjustment date.

32. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

33. DISCHARGE

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee. If electronic registration is available for your mortgage, we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

34. ADMINISTRATION FEES

You agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, a transfer of the mortgage to another party, statements for information purposes, any fees referred to in paragraph 8(e), replacement of cheques or re-presenting of preauthorized debits where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage. The amount of such fees in effect at any particular time is available by contacting us.

35. *FAMILY LAW ACT*

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O. 1990, c.F.3 (as amended or replaced). After any change in your marital status, you will provide us with the full name and birth date of any spouse, so that we are kept fully informed of the names and addresses of the owner or owners of the property and of any spouse who is not an owner but who has a right to possess the property.

36. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

37. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document.

38. *ONTARIO NEW HOME WARRANTIES PLAN ACT*

If the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c.O.31 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

39. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

40. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

41. PARAGRAPH HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

42. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the *National Housing Act*, R.S.C. 1985, c.N-11 (as amended or replaced).

43. ASSIGNMENT BY LENDER AND SECURITIZATION

We may, at our option, sell, assign or encumber your mortgage to one or more third party(ies) without notice to you, any guarantor or any spouse signing your mortgage and without requiring any consent. If we do so, you agree that your mortgage shall continue to secure all amounts owing under your mortgage. Once sold or assigned, your mortgage may be repurchased by us, whether or not it is in default. We may also, at our option, assign your mortgage to any person(s) having an interest in your mortgage or as such person(s) may direct or other third party(ies) without notice to you, any guarantor or any spouse signing your mortgage and without requiring any consent, if you are in default under your mortgage and as part of the realization process. If we do so, you agree (i) to pay us our reasonable costs associated with such assignment and, if unpaid, to add such reasonable costs to the loan amount, and (ii) that your mortgage shall continue to secure all amounts owing under your mortgage. You and each guarantor and spouse executing the mortgage hereby authorize and consent to us or any other person having an interest in the mortgage from time to time and their or our respective agents and advisors including any party retained to service the mortgage, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any guarantor and your spouse, the mortgage loan and your property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with your mortgage from time to time.

44. AMENDMENTS TO STANDARD CHARGE TERMS

This set of standard charge terms may be amended and specific provisions added, deleted or changed by adding a schedule to the form of mortgage registered in the land registry office.

45. ACKNOWLEDGEMENT

By signing and delivering the mortgage, you acknowledge receipt of a true copy of these standard charge terms.

DATED at Toronto, the 1st day of May, 2008

MACQUARIE FINANCIAL LTD.

by its solicitors
BLAKE, CASSELS & GRAYDON LLP

Per: AD Alimonte

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200809 Cote

Appendix
Equivalent Interest Rates

If the interest rate specified in your mortgage is compounded monthly not in advance, you may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below.

MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY
1.000	1.00209	**9.000**	9.17045	**17.000**	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	18.55403
2.000	2.00835	**10.000**	10.21066	**18.000**	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49766
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200810 Cote
Filing Date May 22nd 2008 Date de Dépôt
Page 1 of/de 18 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
Standard Charge Terms (Ontario)

CHIP HOME INCOME PLAN

Filed By: Canadian Home Income Plan Corporation
Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred by its filing number, as provided in Section 9 of the *Land Registration Reform Act*, R.S.O. 1990, c.14 except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in a schedule to the charge, if any.

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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1. DEFINED TERMS

In this document:

1.1 **"BestRate Planned Advances"** means Planned Advances of a fixed amount per annum as set out in the CHIP Home Income Plan. BestRate Planned Advances are only available at our lowest variable interest rate;

1.2 **"CHIP Home Income Plan"** means:

a. the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the *Land Registration Reform Act*, R.S.O. 1990, c.l.4 and which refers to the same filing number as on the first page of this document;
b. the registered Form 2 Charge/Mortgage of Land which refers to the same filing number as on the first page of this document;
c. any schedules attached to the electronic charge or the Form 2; or
d. any amendments to or replacements of the electronic charge or Form 2;

1.3 **"Condominium Act"** means the *Condominium Act*, 1998 (Ontario);

1.4 **"Condominium Corporation"** means a corporation created pursuant to the Condominium Act and pertaining to all or any part of the Property that is governed by the Condominium Act;

1.5 **"Due Date"** means the earliest of the dates set out in Section 6.1 on which you must pay us the Total Amount Owing;

1.6 **"Effective Date"** means the date(s) on which we advance money under the CHIP Home Income Plan. In the case of Subsequent Advances each advance will have its own Effective Date. In the case of Planned Advances all Planned Advances in a calendar year will have the same Effective Date as the first Planned Advance in that calendar year;

1.7 **"Event of Default"** means any one of the events set out in Section 12.1, the occurrence of which gives us the right to demand immediate payment of the Total Amount Owing under the CHIP Home Income Plan at that time;

1.8 **"Fair Market Value"** means the amount that would be paid on the open market, at the applicable date, to buy the Property unencumbered by any lien, interest or charge. In the absence of agreement between the parties, the Fair Market Value will be determined by an appraisal conducted by an independent appraiser appointed by us, to act as an expert and not as an arbitrator;

1.9 **"Flexible Planned Advances"** means Planned Advances to which our six month interest rate option applies. Unlike BestRate Planned Advances, Flexible Planned Advances are not subject to a fixed annual limit;

1.10 **"Funds"** means the total amount of money we have advanced from time to time under the CHIP Home Income Plan;

1.11 **"Hazardous Substance"** means any hazardous waste or substance, pollutant or contaminant which when released into the natural environment may, based upon reasonably authoritative information then available, immediately or in the future, cause material harm or degradation to the natural environment or to the health or welfare of any living thing;

1.12 **"Interest Rate"** means the rate of interest as determined and calculated in accordance with the CHIP Home Income Plan, both before and after maturity, default or judgment;

1.13 **"Interest Rate Differential"** means the amount calculated in accordance with Section 7.1. At any time you pay us Funds, you may be required to pay us an Interest Rate Differential if the Interest Rate in effect at the time of payment is greater than the rate being offered by us on new reverse mortgages of similar interest rate terms;

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1.14 "Planned Advances" means scheduled advances for a set amount that we have pre-arranged with you for a certain period of time. There are two types of Planned Advances: (1) BestRate Planned Advances; and (2) Flexible Planned Advances. For clarity, a Planned Advance is not a Subsequent Advance.

1.15 "Prepayment Amount" means the amount calculated in accordance with Section 8.1. You may be required to pay us a Prepayment Amount if, before the third anniversary of the Effective Date(s), the Total Amount Owing becomes due or you choose to pay us Funds in accordance with Section 6.4;

1.16 "Principal Residence" means the usual place where an individual, permanently resident in Ontario, makes his or her home;

1.17 "Property" means:

a. the land described in the CHIP Home Income Plan;
b. all buildings and structures now on the land or later added;
c. anything now or later attached, placed, installed or erected on or to the building(s) or the land; and
d. all easements and rights-of-way;

1.18 "Receiver" means any receiver or receiver and manager of the Property as we may appoint pursuant to the provisions of the CHIP Home Income Plan, or as may be appointed by any court of competent jurisdiction;

1.19 "Related Expenses" means any money (other than the Funds) that we have not initially agreed to spend in connection with the Property, the payment of which and interest thereon is secured by the CHIP Home Income Plan. Such expenses include, but are not limited to, Taxes, charges from your financial institution relating to returned payments, our administration fees (if any) and any other costs incurred or amounts paid by us

a. in inspecting, appraising, selling, managing, repairing, insuring or maintaining the Property; and
b. relating to the CHIP Home Income Plan, including its enforcement and realizing on our security;

1.20 "Reset Date" means the date on which the Interest Rate is reset, as specified in the CHIP Home Income Plan;

1.21 "Subsequent Advance" means any advance, other than a Planned Advance, requested by you at any time following the first advance. For clarity, a Subsequent Advance is not a Planned Advance;

1.22 "Subsequent Advance Account" means the amount at any point in time that you may be eligible to take in the form of Subsequent Advances. The amount of your Subsequent Advance Account on the first Effective Date is set out in your CHIP Home Income Plan;

1.23 "Taxes" means all taxes, rates, assessments, local improvement charges, levies and penalties of any nature or kind, that are payable in connection with the Property or its use or occupation;

1.24 "Total Amount Owing" means the total of Funds, interest on Funds, Related Expenses, interest on Related Expenses, Prepayment Amount and Interest Rate Differential owing to us at any point in time under the CHIP Home Income Plan;

1.25 "We", "our" and "us" means each party in whose favour the CHIP Home Income Plan is given and who is named in the CHIP Home Income Plan as chargee and any assignee of such party;

1.26 "You" and **"your"** means each person who has given and executed the CHIP Home Income Plan as chargor and his or her heirs, estate trustees, and legal representatives.

2. SECURITY AND TITLE

2.1 CHIP Home Income Plan is Security: In return for the Funds, you charge your entire interest in the Property to us to secure payment of the Total Amount Owing and to ensure that you perform all of your obligations under the CHIP Home Income Plan.

2.2 Title: Title to the Property remains in your name as long as you fulfill your obligations under the CHIP Home Income Plan.

2.3 Our Interest in the Property: Our interest in the Property ends when you have fully paid the Total Amount Owing.

2.4 Obligation to Advance: We will advance Funds on the terms set out in the CHIP Home Income Plan once our requirements are satisfied and the CHIP Home Income Plan is registered on title to the Property.

3. INDEPENDENT LEGAL REPRESENTATION

3.1 Independent Legal Representation: You and any other person who has consented to the CHIP Home Income Plan acknowledge that you have full knowledge of the purpose and essence of this transaction, and that you have been appropriately and independently legally advised in that regard.

3.2 Certificate: You agree to provide us with a Certificate of Independent Legal Representation regarding your knowledge and understanding of the CHIP Home Income Plan and all related documents.

4. FUNDS AVAILABLE AND TYPES OF ADVANCES

4.1 Type of Advance: While you are receiving BestRate Planned Advances, you cannot also receive Flexible Planned Advances or Subsequent Advances. Once a year, you may change the frequency of your BestRate Planned Advances.

At any time you may switch from BestRate Planned Advances to Flexible Planned Advances and/or Subsequent Advances. At such time, the interest rate on the Funds will change in accordance with Section 5.1. You may not switch back to BestRate Planned Advances.

You may stop your Planned Advances at any time after you have received a certain minimum amount in BestRate Planned Advances, as set out in the CHIP Home Income Plan.

At any time you change your election as to the type and/or frequency of your advances, your Subsequent Advance Account will be adjusted as required.

4.2 Amount Available: The amount available to you at any point in time equals remaining Planned Advances plus the Subsequent Advance Account. The maximum amount you are eligible to receive will never exceed the amount registered on title.

4.3 Increase in Subsequent Advance Account: If at the time your CHIP Home Income Plan is registered on title you have elected to receive some or all of the money in Subsequent Advances, each year thereafter we will increase the amount that is in your Subsequent Advance Account at that time by 5%.

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4.4 Subsequent Advances: A Subsequent Advance will be made subject to our then applicable lending criteria and certain conditions, including the following:

a. you are in compliance with all of your obligations under the CHIP Home Income Plan; and
b. the Subsequent Advance is not less than the lesser of a certain minimum or the remaining amount available to you before the Subsequent Advance.

A fee may be charged for each Subsequent Advance.

4.5. Planned Advances: You may choose to receive Planned Advances monthly, quarterly, semi-annually or annually. Planned Advances are scheduled over a set period of time of not more than 15 years from the time of the first Planned Advance.

4.6 Applicable Interest Rate: Interest will accrue on Subsequent Advances and Planned Advances at the Interest Rate. The Interest Rate on Subsequent Advances and Planned Advances will be reset on the Reset Date regardless of the date of the advance.

4.7 Mortgage Date: For the purpose of Section 10 of the Interest Act (Canada) and Section 18 of the *Mortgages Act*, R.S.O. 1990,c.M.40, the date of the CHIP Home Income Plan for purposes of a Subsequent Advance and Planned Advance shall be deemed to be the Effective Date of the advance.

4.8 Applicable Terms and Covenants: In addition to this Section 4, Subsequent Advances and Planned Advances are subject to all other covenants and provisions in this CHIP Home Income Plan.

5. INTEREST

5.1 Interest Rate Options: While you are receiving BestRate Planned Advances, the interest rate on the Funds is our lowest available variable interest rate.

If you switch from BestRate Planned Advances to Flexible Planned Advances, the interest rate on the Funds will change to our six month rate.

If you switch from BestRate Planned Advances to Subsequent Advances, as long as you are not receiving Flexible Planned Advances as well, you may select either the applicable variable rate or one of our fixed interest rates. Fixed interest rates are available for six month, one year, three year or five year terms. If you have selected the applicable variable rate, you may switch at any time to a fixed interest rate. If you have selected a fixed interest rate, you may switch at the end of the then current term to a variable rate or to another fixed interest rate.

5.2 Interest on the Funds: Interest will accrue at the Interest Rate on the Funds from the Effective Date(s) to the date you pay us the Funds and interest accrued thereon. If you have a variable rate, the interest on Funds is calculated upon changes to the variable rate and compounded semi-annually, not in advance. If you have a fixed term interest rate, interest on the Funds is calculated and compounded semi-annually, not in advance.

5.3 Payment of Interest on Funds: With the exception of interest accrued on Related Expenses, you are not required to make any interest payments until the Due Date. However, you may choose to pay interest in one of the following ways:

a. Lump Sum Payment

You may make one payment in a 12-month period of either all or part of the accrued interest. The minimum amount you may pay is the lesser of (i) $1,000 or (ii) the total amount of accrued interest.

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b. Monthly Payment

If you stop receiving BestRate Planned Advances and switch to one of our other interest rate options, you may make monthly payments for a pre-determined amount ("**Monthly Payments**") that we calculate based on our estimate of the interest we expect to accrue over the upcoming 12-month period. Prior to the beginning of each period, we will notify you of the monthly amount.

Monthly Payments are due on a set day each month and are automatically withdrawn electronically from your bank account. At any time, you may request to stop making Monthly Payments.

If our estimate of expected accrued interest exceeds actual accrued interest, the difference will be applied against future interest when accrued.

If the monthly amount decreases from one period to the next, the amount withdrawn from your bank account will be reduced starting on the next payment date.

If the monthly amount increases from one period to the next, you may choose to continue paying the lower monthly amount that you had been paying.

If on or after the fifth anniversary of the first Effective Date, you choose to pay a portion of the Funds and you are making Monthly Payments, your monthly amount will be re-calculated at that time and we will notify you of the revised monthly amount.

5.4 Interest Rate Discounts: You may be eligible to receive interest rate discount(s), as described in Schedule A if you stop receiving BestRate Planned Advances and switch to one of our other interest rate options.

5.5 Interest on Related Expenses: Interest will accrue on Related Expenses at the Interest Rate plus 2% from the date of payment by us to the date you repay us Related Expenses and the related accrued interest in full. Interest on Related Expenses is calculated and compounded monthly.

5.6 Payment of Interest on Related Expenses: Interest accrued on Related Expenses is due and payable immediately on request.

5.7 Interest Reset: The Interest Rate is reset on the Reset Date, as specified in the CHIP Home Income Plan.

6. PAYMENT

6.1 Due Date: With the exception of Section 6.2, you are not required to make any payments until the earliest of the following:

- a. 180 days after the death of the last surviving chargor who has signed the CHIP Home Income Plan;
- b. the date that you close the sale of or otherwise dispose of all or any part of the Property;
- c. the first anniversary of the date the last surviving chargor who has signed the CHIP Home Income Plan moved into a long-term care facility or retirement residence; or
- d. the date we demand payment after the occurrence of an Event of Default.

6.2 Related Expenses: In the event that circumstances require us to incur Related Expenses, you are obligated to pay, immediately on request, Related Expenses and any accrued interest thereon.

6.3 Payment Obligation: Subject to Section 6.5, on the Due Date you must pay us the Total Amount Owing.

6.4 Early Payment Option: You may choose to pay us all of the Funds before the Due Date, in which case you must pay the Total Amount Owing, subject to Section 6.5.

On or after the fifth anniversary of the first Effective Date, once a calendar year you may choose to pay us a portion of the Funds, provided:

a. you also pay us at that time any Related Expenses, interest on Related Expenses, interest on Funds, Interest Rate Differential and Prepayment Amount; and
b. the remaining Funds, following your early payment, are not less than $20,000.

6.5 Limit on Your Payment Obligation: Subject to Section 6.6, you will not have to pay that part (if any) of the Total Amount Owing, excluding Related Expenses and interest on Related Expenses, that exceeds the largest of any of the following amounts:

a. Fair Market Value on the Due Date;
b. gross proceeds of sale (i.e., total sale price without any deductions for such items as real estate commissions) of the Property; or
c. Fair Market Value on the date of actual payment.

6.6 No Limit on Payment Obligation on Interest Accrued after Due Date: There is no limit on your obligation to pay interest accrued on the Funds after the Due Date.

6.7 Currency and Place: All payments will be in Canadian dollars by certified cheque or bank draft. Payments will be delivered to the address set out in the CHIP Home Income Plan or as we may advise you from time to time.

6.8 Receipt of Payment: We will consider your payment to be made when we actually receive the money. You are responsible for any risk of loss or delay.

If a payment is received after 2:00 p.m. EST, for the purposes of calculating interest, your payment will be deemed to have been received on the next day that the Canadian chartered banks are open for business in the province where the Property is located.

6.9 How We Apply Your Payments: We will apply payments received from you in the following order, as applicable: interest on Related Expenses, Related Expenses, interest on Funds, Prepayment Amount, Interest Rate Differential and Funds. Payments will be applied to Funds in the order of the advances, from first to last.

6.10 Discharge: After you have paid us the Total Amount Owing, we will provide a discharge. You will be responsible for paying all legal and other expenses for preparing and signing the discharge, and such amounts shall be payable directly to the persons providing the discharge services. It is your responsibility to register the discharge on title and to pay the registration fee. If electronic registration is available for your CHIP Home Income Plan, we, or our solicitors, may register the discharge on your behalf and will provide you with confirmation of registration.

The discharge will be prepared and signed by people specifically authorized by us and we will not be obligated to sign any discharge other than one that we have so authorized.

7. INTEREST RATE DIFFERENTIAL ON PAYMENT

7.1 Interest Rate Differential: If at any time the CHIP Home Income Plan becomes due, or you choose to pay Funds before the Due Date in accordance with Section 6.4, and the Interest Rate is greater than the rate being offered by us for new CHIP Home Income Plans of a similar interest rate term (the "**New Rate**"), then there will be an Interest Rate Differential, unless Sections 7.3, 7.4 or 7.5 apply.

The Interest Rate Differential is calculated as follows:

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Interest Rate Differential = [(I – N) x Funds being repaid] x (number of days to the next Reset Date ÷ 365)

- I = Interest Rate in effect on the date you pay us Funds
- N = New Rate

7.2 Limit on Interest Rate Differential: The maximum Interest Rate Differential that you may be required to pay is three months interest on the Funds you are paying us, calculated using the Interest Rate in effect on the date you pay us.

7.3 No Interest Rate Differential if Variable Rate: No Interest Rate Differential will apply if you have the variable rate at the time the CHIP Home Income Plan becomes due or when you pay some or all of the Funds.

7.4 No Interest Rate Differential on Death: No Interest Rate Differential will apply if the Total Amount Owing becomes due as a result of the death of the last surviving chargor who has signed the CHIP Home Income Plan.

7.5 No Interest Rate Differential if Within 30 Days: If you pay us Funds in accordance with Section 6.4 and such payment is made within 30 days preceding the Reset Date, the Interest Rate Differential will not apply.

7.6 Long-term Care Facility Reduction: If the Total Amount Owing becomes due as a result of the last surviving chargor who has signed the CHIP Home Income Plan moving into a long-term care facility or retirement residence, any applicable Interest Rate Differential will be reduced by 50%. We will request satisfactory proof of residence for this provision to apply.

8. EARLY PAYMENT

8.1 Prepayment Amount: If, before the third anniversary of any Effective Date(s), the Total Amount Owing becomes due or you choose to pay us Funds in accordance with Section 6.4, the Total Amount Owing will include a Prepayment Amount (unless Sections 8.2, 8.3 or 8.4 apply).

The Prepayment Amount applies only to the portion of the Funds that is being paid before the third anniversary of the applicable Effective Date(s).

The Prepayment Amount is calculated as follows:

Prepayment Amount = (Funds being repaid x I) ÷ 12 x M

- I = Interest Rate in effect on the date you pay us Funds
- M = Number of months specified in the CHIP Home Income Plan

8.2 No Prepayment Amount After 3 Years: If, after the third anniversary of an Effective Date(s), the Total Amount Owing becomes due or you choose to pay Funds in accordance with Section 5.4, a Prepayment Amount will not apply to the portion of Funds that is being paid after the third anniversary of the applicable Effective Date(s).

8.3 No Prepayment Amount After 5 Years: If, after the fifth anniversary of the first Effective Date, the Total Amount Owing becomes due or you choose to pay us Funds, no Prepayment Amount will apply.

8.4 No Prepayment Amount on Death: No Prepayment Amount will apply if the Total Amount Owing becomes due as a result of the death of the last surviving chargor who has signed the CHIP Home Income Plan.

8.5 Long-term Care Facility Reduction: If the Total Amount Owing becomes due as a result of the last surviving chargor who has signed the CHIP Home Income Plan moving

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into a long-term care facility or retirement residence, any applicable Prepayment Amount will be reduced by 50%. We will request satisfactory proof of residence for this provision to apply.

8.6 New Property and Refunding Prepayment Amount: If you acquire a new property and would like a CHIP Home Income Plan on the new property, we will refund all or part of the Prepayment Amount payable in connection with payment of the existing CHIP Home Income Plan in the following circumstances:

a. you acquire a new property that qualifies for a CHIP Home Income Plan;
b. you pay us the Total Amount Owing; and
c. within 60 days of paying the Total Amount Owing, you obtain a new CHIP Home Income Plan from us for the new property.

If the amount you qualify to receive from us in connection with the new property is more than the Funds of the existing CHIP Home Income Plan, then we will refund the Prepayment Amount payable in connection with the existing CHIP Home Income Plan.

If the amount you qualify to receive from us in connection with the new property is less than the Funds of the existing CHIP Home Income Plan, then we will refund the Prepayment Amount proportionally. We will refund the Prepayment Amount after the closing of the new CHIP Home Income Plan.

9. INSURANCE

9.1 Homeowners' Insurance: Until the Total Amount Owing is paid, you will insure and keep insured all buildings, structures, fixtures and improvements on the Property for not less than their full replacement value in Canadian dollars. The risks against which you will insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require.

All insurance policies must be carried with a recognized insurance company or companies and contain clauses confirming that:

a. loss proceeds are payable firstly to us and that we will have the first right to receive and to have a lien on the loss proceeds; and
b. we receive notice of cancellation or non-renewal.

9.2 Loss or Damage: In the event of any loss or damage, you will immediately notify us in writing. Notwithstanding any provisions to the contrary, in the event of any money becoming payable pursuant to any of the Property's insurance policies, we may require that:

a. the insurance money is used to repair or rebuild the Property; and/or
b. all or part of the money is applied towards the Total Amount Owing, whether or not due.

9.3 Original Policy: You will ensure that we are provided with a copy of all signed insurance policies relating to the Property.

9.4 Not Applicable to Condominiums: This Section 9 does not apply if the Property is a single, residential condominium unit.

10. YOUR OBLIGATIONS

You certify and agree with us as follows:

10.1 Payments: You will pay when due:

a. all amounts that are payable as required by the CHIP Home Income Plan;
b. all insurance premiums for the Property;
c. Taxes; and
d. all utility and fuel charges required to maintain the Property.

10.2 Title:

- a. you have a good title in fee simple to the Property and have good right, full power and lawful and absolute authority to charge the Property and to give the CHIP Home Income Plan;
- b. you have not done or willfully or knowingly allowed any act, deed, matter or thing whatsoever whereby any part of the Property is or shall or may be in any way encumbered, except as the records of the land registry office disclose and which are acceptable to us;
- c. the CHIP Home Income Plan will charge any additional interest in the Property which you acquire;
- d. you will not create any subsequent financial encumbrances of the Property nor will you permit any such financial encumbrances to be created without our prior written consent;
- e. you will not transfer any interest in the Property or change the beneficial ownership of the Property without our prior written consent;
- f. you will, at your expense, sign any other document or take any further action which we may think necessary to ensure that all your interest in the Property has been fully charged to us and the Total Amount Owing is adequately secured;
- g. you will take any action necessary to protect your title to the Property, and will not in any way interfere with our interest in the Property; and
- h. if you default in any of your obligations under the CHIP Home Income Plan, we will have possession of the Property without interference.

10.3 Spousal Status: All information and statements you gave us about your spousal status when applying for the CHIP Home Income Plan and in completing the requisite documentation were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O., 1990, c. F.3 (as amended or replaced).

10.4 Change in Status: You (or your legal and/or personal representative, as applicable) will advise us immediately of the following and provide us with such evidence as we may request:

- a. your death;
- b. the date the last surviving chargor who has signed the CHIP Home Income Plan is moving or has moved into a retirement residence or a long-term care facility; and
- c. any change or happening affecting your spousal status or the qualification of the Property as a family residence within the meaning of Part II of the Family Law Act.

10.5 Occupation/Use of Property: You will:

- a. live on the Property as your Principal Residence for at least six months in any given 12 month period (this provision does not apply for the first year the last surviving chargor who has signed the CHIP Home Income Plan moves into a retirement residence or a long-term care facility);
- b. before leaving the Property for 30 or more consecutive days, make all appropriate arrangements to have the Property and its insurance coverage maintained; and
- c. not change or permit to be changed the existing use of the Property without our prior written consent.

10.6 Insurance: You will insure the Property in accordance with Section 9, if applicable.

10.7 Compliance: You will, at your expense, comply with all laws, regulations, work orders, directions and notices of any government body having jurisdiction with respect to the Property.

10.8 Repair: You will:

- a. keep the Property in a good condition and state of repair and carry out all necessary repairs;
- b. not do, nor let anyone else do, anything which lowers the value of the Property;

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c. comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of the Property; and

d. authorize us to enter the Property at all reasonable times to inspect and repair, on reasonable notice except in the case of an emergency.

10.9 Hazardous Substances: To the best of your knowledge, after reasonable enquiry and investigation:

a. no part of the Property or any adjoining land is, has ever been or will in the *future* be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any Hazardous Substance, except in compliance with all laws, regulations and orders; and

b. no part of the Property contains, has ever contained or will in the future contain any Hazardous Substance that may lower the value of or adversely affect the marketability of the Property.

10.10 Demolition: You will not demolish any building or structure or part of any building or structure on the Property without our prior written approval.

10.11 Alterations/Improvements: You will not make any substantial alterations, additions or improvements to the Property without our prior written approval to your proposed plans and specifications. In addition:

a. any such work will be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to the Property, at your expense; and

b. if we ask, you will provide us with proof of payment of all work done and compliance with governmental requirements and building standards.

10.12 Rental of Property: You will not rent any part of the Property without our prior written consent as set out in Section 14.

11. OUR RIGHTS

11.1 Not Deemed in Possession: In exercising any of our rights under the CHIP Home Income Plan, we shall not be deemed to be a mortgagee in possession.

11.2 Taxes: We may confirm, at any time, that Taxes are not overdue and outstanding.

11.3 Inspection: We shall have access to and the right to inspect the Property (including inside any buildings or structures on the Property) from time to time upon giving you reasonable notice except in the case of an emergency.

11.4 Repair: If you do not keep the Property in a good condition and state of repair or do or allow anything to be done which lowers its value, then we can enter the Property and may make such arrangements to make whatever repairs that are, in our opinion, necessary.

11.5 Assignment: We may assign all or part of the CHIP Home Income Plan and any collateral security or any of our rights to any person or company, in which event:

a. your rights in connection with the CHIP Home Income Plan will be binding on the assignee; and

b. all of our rights and remedies in connection with the assigned interest will be enforceable by the assignee.

11.6 Releasing Property From the CHIP Home Income Plan: At our option, we may release any person or our interest in all or part of the Property, whether or not we receive any value, and we will be accountable to you only for the money we actually receive. If we release our interest under the CHIP Home Income Plan in only a part of the Property, the remainder of the Property will continue to secure all amounts owing under the CHIP Home Income Plan, and your obligations under the CHIP Home Income Plan will continue unchanged.

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If the Property is subdivided, each part will secure payment of the amounts owing to us under the CHIP Home Income Plan.

12. EVENTS OF DEFAULT

12.1 Events of Default: Any one of the following is an Event of Default:

- a. **Non-compliance**: At any time, you do not fully comply with any of your obligations under the CHIP Home Income Plan, including this set of standard charge terms;
- b. **Misrepresentation**: At any time, we discover a discrepancy or inaccuracy in any written information, statements or representations made or provided by you to us in connection with the CHIP Home Income Plan;
- c. **Expropriation**: All or any part of the Property is expropriated;
- d. **Bankruptcy**: You commit an act of bankruptcy or become insolvent or make a compromise or arrangement with creditors or if a Receiver is appointed for you or the Property;
- e. **Condominium Events**: If any of the events set out in Paragraph 8 of Schedule A occurs; or
- f. **Lien:** A construction lien is registered against the Property and not discharged within a period of 14 days after the date on which you become aware of such lien.

12.2 Accelerated Payment: Upon the occurrence of an Event of Default:

- a. the Total Amount Owing under the CHIP Home Income Plan immediately becomes due and payable; and
- b. we can enforce our rights in accordance with Section 13.

13. OUR REMEDIES IF AN EVENT OF DEFAULT OCCURS

13.1 Exercise of Remedies: Upon the occurrence of an Event of Default, we may enforce, in any order, any one or more of the remedies in this Section 13.

13.2 Delay in Enforcement: Our rights will not be affected if we delay in enforcing any of our remedies under the CHIP Home Income Plan or give you or anybody else an extension of time. We may still insist on you making all payments and complying with your obligations, require payment of the Total Amount Owing if you are in default and require any other person who has obligations under the CHIP Home Income Plan to meet those obligations.

13.3 Waiver: We may in writing at any time or times after an Event of Default waive such Event of Default. Any such waiver will apply only to the particular Event of Default waived and will not operate as a waiver of any other or future Events of Default.

13.4 Enter on the Property: We can enter on the Property, and make any necessary arrangements to inspect, manage, repair or complete construction. Any costs we incur will be considered Related Expenses.

13.5 Lease: If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease all or part of the Property. If your default continues for 30 days we may, without notice to you, enter on and lease the Property without giving you notice.

We will apply the net proceeds of any lease to the Total Amount Owing. You will continue to be obligated to pay us the balance of the Total Amount Owing.

13.6 Power of Sale: If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, R.S.O. 1990,c.M.40, enter on and sell the Property or any part of the Property.

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Any sale can be for cash or on credit, or a combination of the two. In addition, any sale can be by private sale or public auction and on such terms as can reasonably be obtained.

If the net proceeds of any sale do not pay the Total Amount Owing you will continue to be obligated to pay us the balance of the Total Amount Owing.

13.7 Foreclosure or Sale: We may take court proceedings to foreclose your right, title and equity of redemption to the Property. If we obtain a final order of foreclosure from the court, the Property will belong to us.

We may also ask the court to order the sale of the Property under its supervision. If the amount we receive from the sale is less than the Total Amount Owing you will continue to be obligated to pay us the balance of the Total Amount Owing.

13.8 Legal Actions: We may take such legal action as is necessary to take possession of the Property and/or collect the Total Amount Owing.

13.9 Appoint a Receiver:

a. We may appoint, in writing, a Receiver to collect any income from the Property, manage the Property and keep it in good condition;
b. The Receiver will be your agent, not ours, and you alone will be responsible for any of the Receiver's acts or omissions;
c. We are not accountable for any moneys received by the Receiver except to the extent that we actually receive any such moneys;
d. The Receiver may use every available remedy that we have under the CHIP Home Income Plan to collect the income from the Property, take possession of the whole or part of the Property, manage the Property and keep it in good condition;
e. From the income collected, the Receiver will pay his own remuneration, all expenses incurred by him in the exercise of his powers, interest, Funds, Related Expenses, Taxes and other expenditures;
f. If the amount we receive from the income collected by the Receiver is less than the Total Amount Owing, you will continue to be obligated to pay us the balance of the Total Amount Owing.

13.10 Cure any Defaults: We can cure any defaults under the CHIP Home Income Plan, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

13.11 Non-interference: If, in enforcing our remedies, we take possession of the Property, you will not interfere with our possession, with that of any Receiver we may appoint or with that of any person to whom the Property may be leased or sold.

13.12 Expropriation: All the Funds of any expropriation of all or part of the Property will be paid to us at our option in priority to the claims of any other party.

13.13 Judgments: If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing other remedies or rights to enforce your other obligations under the CHIP Home Income Plan.

14. RENTAL OF PROPERTY

14.1 No Rental without Our Consent: As long as the CHIP Home Income Plan is in effect, you are not permitted to rent the Property in its entirety. However, you may rent part of the Property provided that:

a. you obtain our written consent first;
b. the rental complies with applicable by-laws and/or regulations; and
c. you have proper insurance in place covering the rented portion of the Property.

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14.2 Documents: You will provide us with copies of all rental agreements, financial statements and any other information requested by us in relation to the rental of the part of the Property.

14.3 Assignment: As additional security for the money secured under the CHIP Home Income Plan, you transfer and assign to us all rents, income, profits, rights and other benefits now or hereafter due or arising pursuant to all present and future oral or written leases, agreements to lease, tenancies or other agreements for the use or occupancy of any part of the Property and all extensions and renewals thereof granted to any and all tenants, licensees and other occupiers of the Property.

14.4 Exercising Our Rights: Although it is the intention of the parties that the assignment in Section 14.3 shall be a present assignment, it is expressly understood and agreed that we will not exercise any of the rights or powers conferred upon us unless and until an Event of Default occurs under this CHIP Home Income Plan.

14.5 No Obligations: We are not obligated to collect any rent or income from the Property nor to comply with any term of any lease or lease agreement.

14.6 No Liability: You agree to save and hold us harmless of and from any and all actions, proceedings, claims, demands, liability, damages, costs or expenses that we may incur under or by reason of the assignment in Section 14.3.

15. CONDOMINIUM

15.1 Applicable Provisions: If all or any part of the Property is or becomes a condominium unit pursuant to the provisions of the Condominium Act, the provisions set out in Schedule B apply in addition to all other provisions of the CHIP Home Income Plan.

16. GENERAL MATTERS

16.1 Headings: Headings in this CHIP Home Income Plan do not form part of the CHIP Home Income Plan but are used only for ease of reference.

16.2 Invalidity: If any of the provisions, covenants or conditions in this CHIP Home Income Plan shall be void for any reason, the validity or enforceability of all other provisions will not be affected.

16.3 Who is Bound: Not only do you agree to be bound by everything, including your obligations, in the CHIP Home Income Plan, but your legal and personal representatives and anybody else to whom your Property is transferred are also bound. The CHIP Home Income Plan is also binding on our successors and assigns and on anybody to whom we may transfer the CHIP Home Income Plan.

If more than one person signs this CHIP Home Income Plan as chargor, then all persons who sign are jointly and severally liable to comply with all obligations under the CHIP Home Income Plan and the provisions of this CHIP Home Income Plan shall be read and construed with all changes of gender and number as required by the context.

16.4 Notices: All notices or other communications to be given pursuant to or in connection with this CHIP Home Income Plan shall be:

a. in writing;
b. signed by the party giving such notice or by its or their solicitors; and
c. personally delivered or sent by mail to the party or parties intended at its or their respective addresses for service as set out in the CHIP Home Income Plan.

Any party may from time to time by notice given as provided herein change its address for the purpose of this provision.

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16.5 Consent: Wherever you are required by this CHIP Home Income Plan to obtain our consent or approval, it is agreed that, subject to any other specific provision contained in this CHIP Home Income Plan to the contrary, we may give or withhold our consent or approval for any reason that we may see fit. We will not be liable to you in damages or otherwise for our failure or refusal to give or withhold such consent or approval. You are to pay all costs of obtaining such consent or approval.

16.6 Governing Law: This CHIP Home Income Plan is to be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in Ontario.

16.7 Statutory References: Unless expressly stipulated or otherwise required by the context, all references in this CHIP Home Income Plan to any federal, provincial or municipal statute, regulation, by-law, order, directive or other governmental enactment shall be deemed to be and construed as a reference to the same as amended or replaced from time to time.

16.8 Exclusion of Statutory Covenants: The implied covenants deemed to be included in a mortgage under subsection 7(1) of the *Land Registration Reform Act*, R.S.O. 1990, c.L.4 are excluded and replaced by the terms hereof which are covenants by you, for you and on your behalf with us.

16.9 Short Form of Mortgages Act: If any of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the *Short Form of Mortgages Act*, R.S.O. 1980, c. 474, and distinguished by a number therein, this CHIP Home Income Plan shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number, and this CHIP Home Income Plan shall be interpreted as if the said Act was still in full force and effect.

16.10 Amendment of Terms: The CHIP Home Income Plan may be amended from time to time, in writing, as to any of its terms. It shall not be necessary to register any such agreement in order to retain priority for this CHIP Home Income Plan so amended over any instrument registered subsequent to this CHIP Home Income Plan.

No amendment of any of the terms of this CHIP Home Income Plan or any other dealing by us with the owner of the Property or any other person shall in any way affect or prejudice our rights against you or any other person liable for the payment of the Total Amount Owing.

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SCHEDULE A – INTEREST RATE DISCOUNTS

Subject to Paragraphs 3 and 4 below, the following interest rate discounts will apply:

1. Long-Term Escalating Discount

Approximately three years after you have switched from the interest rate that applied to your BestRate Planned Advances to another interest rate option, the prevailing Interest Rate will be reduced by 0.25%. On each subsequent one year anniversary, the Interest Rate will be reduced by a further 0.25%, up to the maximum specified in your CHIP Home Income Plan.

2. Interest Payment Discount

Approximately one year after you have switched from the interest rate that applied to your BestRate Planned Advances to another interest rate option and each subsequent one year anniversary ("**Discount Review Date**"), the Interest Rate for the following one year period will be reduced by 1.00% if we have received from you:

a. all of the interest that has accrued in the 12-month period immediately preceding your payment; or
b. Monthly Payments for each of the 12 months immediately preceding the next Discount Review Date and the amount of each Monthly Payment is not less than the amount we calculated for the applicable period.

3. Maximum

The total of the these two interest rate discounts at any point in time will be subject to the maximum specified in your CHIP Home Income Plan.

4. No Default

Each reduction in the Interest Rate will be on the condition that at such time you are not in default under the terms of the CHIP Home Income Plan.

SCHEDULE B - CONDOMINIUM PROVISIONS

1. **Common Elements**: For the purposes of all parts of the Property comprising one or more condominium units, all references in this CHIP Home Income Plan to the Property shall include your appurtenant undivided interest in the common elements and other assets of the Condominium Corporation.

2. **Compliance**: You will, at all times, comply with the Condominium Act and will forward to us proof of such compliance as we may request from time to time.

3. **Payment of Expenses**: You shall pay, when due, all monies payable by you or with respect to the Property in accordance with the provisions of the Condominium Act and the declaration, by-laws and rules of the Condominium Corporation, including all required contributions to common expenses and any special levies, charges and assessments, and shall provide proof of such payment to us upon request.

4. **Insurance**: Under the Condominium Act, the Condominium Corporation must obtain appropriate insurance. In addition, you must insure all improvements that at any time have been made to the Property against loss or damage by fire and such additional risks as we may require. All insurance policies must be carried with a recognized insurance company or companies.

You will assign and transfer your insurance policy or policies and receipts to us. If you fail to keep the Property and improvements insured, we are entitled but not obligated to insure the Property and/or its improvements.

Upon our request, you must give us certified copies of all of your insurance policies relating to the Property and the current Certificate of Insurance of the Condominium Corporation.

If any loss or damage occurs to your improvements on the Property, you will immediately notify us and will, at your expense, do everything necessary to enable us to obtain the insurance Funds. These Funds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce the Total Amount Owing.

5. **Right to Vote**: You irrevocably appoint, authorize and empower us to exercise your rights to vote or to consent as an owner within the meaning of the Condominium Act with respect to all matters relating to the affairs of the Condominium Corporation, or to abstain from doing so, provided that:
    a. unless and until an Event of Default occurs, we do not intend to exercise the right to vote or to consent and you may exercise your right to vote or to consent until we give you notice that we will be exercising the right; and any such notice may be for an indeterminate period of time, a limited period of time or for a specific meeting or matter;
    b. we shall not be under any obligation to vote or to consent or to protect your interests; and
    c. our exercise of our right to vote or to consent or to abstain from doing so shall not constitute us as mortgagee in possession and shall not give rise to any liability on our part.

6. **Copies/Notices**: If we request, you will forward to us copies of notices and other communications received from the Condominium Corporation.

7. **Records Inspection**: You authorize and direct the Condominium Corporation to note our interest as chargee on its records and to permit us to inspect the records of the Condominium Corporation at any reasonable time.

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SCHEDULE B - CONDOMINIUM PROVISIONS *(cont'd)*

8. **Events of Default**: In addition to and notwithstanding any other provisions of this CHIP Home Income Plan, the Total Amount Owing shall, at our option, become immediately due and payable without notice or demand if any of the following events or circumstances occur and continue:

a. the government of the Condominium Corporation or the government of the Property by the Condominium Corporation is terminated;
b. a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements or all or any part of the Property, or any part of the same is expropriated;
c. the Condominium Corporation fails to comply with any provision of the Condominium Act or its declaration or any of its by-laws and rules; or
d. the Condominium Corporation fails to insure its assets, including the Property, in accordance with the Condominium Act and the declaration and by-laws of the Condominium Corporation, or any insurer thereof cancels or threatens cancellation of any existing obligation to insure the same.

DATED at Toronto this 20th day of May, 2008.

CANADIAN HOME INCOME PLAN CORPORATION

PER: Celia
Celia Cuthbertson, Corporate Secretary

RECEIPT: The Chargor(s) hereby acknowledge receipt of a true copy of the CHIP Home Income Plan and the foregoing Standard Charge Terms before signing the CHIP Home Income Plan.

DATED the ____________ day of ____________________, ________.

____________________ ____________________
Chargor: Chargor:

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Filing No. 200811 Cote
Filing Date May 22nd 2008 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
Standard Charge Terms (Ontario)

CHIP HOME INCOME PLAN

Filed By: Canadian Home Income Plan Corporation
Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred by its filing number, as provided in Section 9 of the *Land Registration Reform Act*, R.S.O. 1990, c.l.4 except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in a schedule to the charge, if any.

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1. DEFINED TERMS

In this document:

1.1 "CHIP Home Income Plan" means:

a. the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act which refers to the same filing number as on the first page of this document;
b. the registered Form 2 Charge/Mortgage of Land which refers to the same filing number as on the first page of this document;
c. any schedules attached to the electronic charge or the Form 2; or
d. any amendments to or replacements of the electronic charge or Form 2;

1.2 "Condominium Act" means the *Condominium Act*, 1998 (Ontario);

1.3 "Condominium Corporation" means a corporation created pursuant to the Condominium Act and pertaining to all or any part of the Property that is governed by the Condominium Act;

1.4 "Due Date" means the earliest of the dates set out in Section 5.1 on which you must pay the Total Amount Owing to us under the CHIP Home Income Plan;

1.5 "Effective Date" means the date on which we advance money under the CHIP Home Income Plan;

1.6 "Event of Default" means any one of the events set out in Section 11.1, the occurrence of which gives us the right to demand immediate payment of the Total Amount Owing under the CHIP Home Income Plan at that time;

1.7 "Fair Market Value" means the amount that would be paid on the open market, at the applicable date, to buy the Property unencumbered by any lien, interest or charge. In the absence of agreement between the parties, the Fair Market Value will be determined by an appraisal conducted by an independent appraiser appointed by us, to act as an expert and not as an arbitrator;

1.8 "Funds" means the total amount of money we advance under the CHIP Home Income Plan;

1.9 "Hazardous Substance" means any hazardous waste or substance, pollutant or contaminant which when released into the natural environment may, based upon reasonably authoritative information then available, immediately or in the future, cause material harm or degradation to the natural environment or to the health or welfare of any living thing;

1.10 "Interest Rate" means the rate of interest as determined and calculated in accordance with the CHIP Home Income Plan, both before and after maturity, default or judgment;

1.11 "Interest Rate Differential" means the amount calculated in accordance with Section 6.1. At any time you pay us Funds, you may be required to pay us an Interest Rate Differential if the Interest Rate in effect at the time of payment is greater than the rate being offered by us on new reverse mortgages of similar interest rate terms;

1.12 "Prepayment Amount" means the amount calculated in accordance with Section 7.1. You may be required to pay us a Prepayment Amount if, before the third anniversary of the Effective Date, the Total Amount Owing becomes due or you choose to pay us Funds in accordance with Section 5.4;

1.13 "Principal Residence" means the usual place where an individual, permanently resident in Ontario, makes his or her home;

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1.14 "Property" means:

a. the land described in the CHIP Home Income Plan;
b. all buildings and structures now on the land or later added;
c. anything now or later attached, placed, installed or erected on or to the building(s) or the land; and
d. all easements and rights-of-way;

1.15 "Receiver" means any receiver or receiver and manager of the Property as we may appoint pursuant to the provisions of the CHIP Home Income Plan, or as may be appointed by any court of competent jurisdiction;

1.16 "Related Expenses" means any money (other than the Funds) that we have not initially agreed to spend in connection with the Property, the payment of which and interest thereon is secured by the CHIP Home Income Plan. Such expenses include, but are not limited to, Taxes, charges from your financial institution relating to returned payments, our administration fees (if any) and any other costs incurred or amounts paid by us:

a. in inspecting, appraising, selling, managing, repairing, insuring or maintaining the Property; and
b. relating to the CHIP Home Income Plan, including its enforcement and realizing on our security;

1.17 "Reset Date" means the date on which the Interest Rate is reset, as specified in the CHIP Home Income Plan;

1.18 "Taxes" means all taxes, rates, assessments, local improvement charges, levies and penalties of any nature or kind, that are payable in connection with the Property or its use or occupation;

1.19 "Total Amount Owing" means the total of Funds, interest on Funds, Related Expenses, interest on Related Expenses, Prepayment Amount and Interest Rate Differential owing to us at any point in time under the CHIP Home Income Plan;

1.20 "We", "our" and "us" means each party in whose favour the CHIP Home Income Plan is given and who is named in the CHIP Home Income Plan as chargee and any assignee of such party;

1.21 "You" and **"your"** means each person who has given and executed the CHIP Home Income Plan as chargor and his or her heirs, estate trustees, and legal representatives.

2. SECURITY AND TITLE

2.1 CHIP Home Income Plan is Security: In return for the Funds, you charge your entire interest in the Property to us to secure payment of the Total Amount Owing and to ensure that you perform all of your obligations under the CHIP Home Income Plan.

2.2 Title: Title to the Property remains in your name as long as you fulfill your obligations under the CHIP Home Income Plan.

2.3 Our Interest in the Property: Our interest in the Property ends when you have fully paid the Total Amount Owing.

2.4 Obligation to Advance: We will advance Funds on the terms set out in the CHIP Home Income Plan once our requirements are satisfied and the CHIP Home Income Plan is registered on title to the Property.

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3. INDEPENDENT LEGAL REPRESENTATION

3.1 Independent Legal Representation: You and any other person who has consented to the CHIP Home Income Plan acknowledge that you have full knowledge of the purpose and essence of this transaction, and that you have been appropriately and independently legally advised in that regard.

3.2 Certificate: You agree to provide us with a Certificate of Independent Legal Representation regarding your knowledge and understanding of the CHIP Home Income Plan and all related documents.

4. INTEREST

4.1 Interest Rate Options: You may select a variable or a fixed interest rate. Fixed interest rates are available for six month, one year, three year or five year terms. If you have selected a variable rate, you may switch at any time to a fixed term interest rate. If you have selected a fixed term interest rate, you may switch at the end of the then current term to a variable rate or to another fixed term interest rate.

4.2 Interest on the Funds: Interest will accrue at the Interest Rate on the Funds from the Effective Date to the date you pay us the Funds and interest accrued thereon. If you have a variable rate, the interest on Funds is calculated upon changes to the variable rate and compounded semi-annually, not in advance. If you have a fixed term interest rate, interest on the Funds is calculated and compounded semi-annually, not in advance.

4.3 Payment of Interest on Funds: With the exception of interest accrued on Related Expenses, you are not required to make any interest payments until the Due Date. However, you may choose to pay interest in one of the following ways:

a. Lump Sum Payment

You may make one payment in a 12-month period of either all or part of the accrued interest. The minimum amount you may pay is the lesser of (i) $1,000 or (ii) the total amount of accrued interest.

b. Monthly Payment

You may make monthly payments for a pre-determined amount ("**Monthly Payments**") that we calculate based on our estimate of the interest we expect to accrue over the upcoming 12-month period. Prior to the beginning of each period, we will notify you of the monthly amount.

Monthly Payments are due on a set day each month and are automatically withdrawn electronically from your bank account. At any time, you may request to stop making Monthly Payments.

If our estimate of expected accrued interest exceeds actual accrued interest, the difference will be applied against future interest when accrued.

If the monthly amount decreases from one period to the next, the amount withdrawn from your bank account will be reduced starting on the next payment date.

If the monthly amount increases from one period to the next, you may choose to continue paying the lower monthly amount that you had been paying.

If on or after the fifth anniversary of the Effective Date, you choose to pay a portion of the Funds and you are making Monthly Payments, your monthly amount will be re-calculated at that time and we will notify you of the revised monthly amount.

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4.4 Interest Rate Discounts: You may be eligible to receive interest rate discount(s), as described in Schedule A.

4.5 Interest on Related Expenses: Interest will accrue on Related Expenses at the Interest Rate plus 2% from the date of payment by us to the date you repay us Related Expenses and the related accrued interest in full. Interest on Related Expenses is calculated and compounded monthly.

4.6 Payment of Interest on Related Expenses: Interest accrued on Related Expenses is due and payable immediately on request.

4.7 Interest Reset: The Interest Rate is reset on the Reset Date, as specified in the CHIP Home Income Plan.

5. PAYMENT

5.1 Due Date: With the exception of Section 5.2, you are not required to make any payments until the earliest of the following:

a. 180 days after the death of the last surviving chargor who has signed the CHIP Home Income Plan;
b. the date that you close the sale of or otherwise dispose of all or any part of the Property;
c. the first anniversary of the date the last surviving chargor who has signed the CHIP Home Income Plan moved into a long-term care facility or retirement residence; or
d. the date we demand payment after the occurrence of an Event of Default.

5.2 Related Expenses: In the event that circumstances require us to incur Related Expenses, you are obligated to pay, immediately on request, Related Expenses and any accrued interest thereon.

5.3 Payment Obligation: Subject to Section 5.5, on the Due Date you must pay us the Total Amount Owing.

5.4 Early Payment Option: You may choose to pay us all of the Funds before the Due Date, in which case you must pay the Total Amount Owing, subject to Section 5.5.

On or after the fifth anniversary of the Effective Date, once a calendar year you may choose to pay us a portion of the Funds, provided:

a. you also pay us at that time any Related Expenses, interest on Related Expenses, interest on Funds, Interest Rate Differential and Prepayment Amount; and
b. the remaining Funds, following your early payment, are not less than $20,000.

5.5 Limit on Your Payment Obligation: Subject to Sections 5.6, you will not have to pay that part (if any) of the Total Amount Owing, excluding Related Expenses and interest on Related Expenses, that exceeds the largest of any of the following amounts:

a. Fair Market Value on the Due Date;
b. gross proceeds of sale (i.e., total sale price without any deductions for such items as real estate commissions) of the Property; or
c. Fair Market Value on the date of actual payment.

5.6 No Limit on Payment Obligation on Interest Accrued after Due Date: There is no limit on your obligation to pay interest accrued on the Funds after the Due Date.

5.7 Currency and Place: All payments will be in Canadian dollars by certified cheque or bank draft. Payments will be delivered to the address set out in the CHIP Home Income Plan or as we may advise you from time to time.

5.8 Receipt of Payment: We will consider your payment to be made when we actually receive the money. You are responsible for any risk of loss or delay.

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If a payment is received after 2:00 p.m. EST, for the purposes of calculating interest, your payment will be deemed to have been received on the next day that the Canadian chartered banks are open for business in the province where the Property is located.

5.9 How We Apply Your Payments: We will apply payments received from you in the following order, as applicable: interest on Related Expenses, Related Expenses, interest on Funds, Prepayment Amount, Interest Rate Differential and Funds.

5.10 Discharge: After you have paid us the Total Amount Owing, we will provide a discharge. You will be responsible for paying all legal and other expenses for preparing and signing the discharge, and such amounts shall be payable directly to the persons providing the discharge services. It is your responsibility to register the discharge on title and to pay the registration fee. If electronic registration is available for your CHIP Home Income Plan, we, or our solicitors, may register the discharge on your behalf and will provide you with confirmation of registration.

The discharge will be prepared and signed by people specifically authorized by us and we will not be obligated to sign any discharge other than one that we have so authorized.

6. INTEREST RATE DIFFERENTIAL ON PAYMENT

6.1 Interest Rate Differential: If at any time the CHIP Home Income Plan becomes due, or you choose to pay Funds before the Due Date in accordance with Section 5.4, and the Interest Rate is greater than the rate being offered by us for new CHIP Home Income Plans of a similar interest rate term (the "**New Rate**"), then there will be an Interest Rate Differential, unless Sections 6.3, 6.4 or 6.5 apply.

The Interest Rate Differential is calculated as follows:

Interest Rate Differential = [(I – N) x Funds being repaid] x (number of days to the next Reset Date ÷ 365)

- I = Interest Rate in effect on the date you pay us Funds
- N = New Rate

6.2 Limit on Interest Rate Differential: The maximum Interest Rate Differential that you may be required to pay is three months' interest on the Funds you are paying us, calculated using the Interest Rate in effect on the date you pay us.

6.3 No Interest Rate Differential if Variable Rate: No Interest Rate Differential will apply if you have a variable interest rate at the time the CHIP Home Income Plan becomes due or when you pay some or all of the Funds.

6.4 No Interest Rate Differential on Death: No Interest Rate Differential will apply if the Total Amount Owing becomes due as a result of the death of the last surviving chargor who has signed the CHIP Home Income Plan.

6.5 No Interest Rate Differential if Within 30 Days: If you pay us Funds in accordance with Section 5.4 and such payment is made within 30 days preceding the Reset Date, the Interest Rate Differential will not apply.

6.6 Long-term Care Facility Reduction: If the Total Amount Owing becomes due as a result of the last surviving chargor who has signed the CHIP Home Income Plan moving into a long-term care facility or retirement residence, any applicable Interest Rate Differential will be reduced by 50%. We will request satisfactory proof of residence for this provision to apply.

7. EARLY PAYMENT

7.1 Prepayment Amount: If, before the third anniversary of the Effective Date, the Total Amount Owing becomes due or you choose to pay us Funds in accordance with Section 5.4, the Total Amount Owing will include a Prepayment Amount (unless Sections 7.3 or 7.4 apply).

The Prepayment Amount is calculated as follows:

Prepayment Amount = (Funds being repaid x I) ÷ 12 x M
- I = Interest Rate in effect on the date you pay us Funds
- M = Number of months specified in the CHIP Home Income Plan

7.2 No Prepayment Amount After 3 Years: No Prepayment Amount will apply if, after the third anniversary of the Effective Date, the Total Amount Owing becomes due or you choose to pay Funds in accordance with Section 5.4.

7.3 No Prepayment Amount on Death: No Prepayment Amount will apply if the Total Amount Owing becomes due as a result of the death of the last surviving chargor who has signed the CHIP Home Income Plan.

7.4 Long-term Care Facility Reduction: If the Total Amount Owing becomes due as a result of the last surviving chargor who has signed the CHIP Home Income Plan moving into a long-term care facility or retirement residence, any applicable Prepayment Amount will be reduced by 50%. We will request satisfactory proof of residence for this provision to apply.

7.5 New Property and Refunding Prepayment Amount: If you acquire a new property and would like a CHIP Home Income Plan on the new property, we will refund all or part of the Prepayment Amount payable in connection with payment of the existing CHIP Home Income Plan in the following circumstances:

a. you acquire a new property that qualifies for a CHIP Home Income Plan;
b. you pay us the Total Amount Owing; and
c. within 60 days of paying the Total Amount Owing, you obtain a new CHIP Home Income Plan from us for the new property.

If the amount you qualify to receive from us in connection with the new property is more than the Funds of the existing CHIP Home Income Plan, then we will refund the Prepayment Amount payable in connection with the existing CHIP Home Income Plan.

If the amount you qualify to receive from us in connection with the new property is less than the Funds of the existing CHIP Home Income Plan, then we will refund the Prepayment Amount proportionally. We will refund the Prepayment Amount after the closing of the new CHIP Home Income Plan.

8. INSURANCE

8.1 Homeowners' Insurance: Until the Total Amount Owing is paid, you will insure and keep insured all buildings, structures, fixtures and improvements on the Property for not less than their full replacement value in Canadian dollars. The risks against which you will insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require.

All insurance policies must be carried with a recognized insurance company or companies and contain clauses confirming that:

a. loss proceeds are payable firstly to us and that we will have the first right to receive and to have a lien on the loss proceeds; and
b. we receive notice of cancellation or non-renewal.

8.2 Loss or Damage: In the event of any loss or damage, you will immediately notify us in writing. Notwithstanding any provisions to the contrary, in the event of any money becoming payable pursuant to any of the Property's insurance policies, we may require that:

a. the insurance money is used to repair or rebuild the Property; and/or
b. all or part of the money is applied towards the Total Amount Owing, whether or not due.

8.3 Original Policy: You will ensure that we are provided with a copy of all signed insurance policies relating to the Property.

8.4 Not Applicable to Condominiums: This Section 8 does not apply if the Property is a single, residential condominium unit.

9. YOUR OBLIGATIONS

You certify and agree with us as follows:

9.1 Payments: You will pay when due:

a. all amounts that are payable as required by the CHIP Home Income Plan;
b. all insurance premiums for the Property;
c. Taxes; and
d. all utility and fuel charges required to maintain the Property.

9.2 Title:

a. you have a good title in fee simple to the Property and have good right, full power and lawful and absolute authority to charge the Property and to give the CHIP Home Income Plan;
b. you have not done or willfully or knowingly allowed any act, deed, matter or thing whatsoever whereby any part of the Property is or shall or may be in any way encumbered, except as the records of the land registry office disclose and which are acceptable to us;
c. the CHIP Home Income Plan will charge any additional interest in the Property which you acquire;
d. you will not create any subsequent financial encumbrances of the Property nor will you permit any such financial encumbrances to be created without our prior written consent;
e. you will not transfer any interest in the Property or change the beneficial ownership of the Property without our prior written consent;
f. you will, at your expense, sign any other document or take any further action which we may think necessary to ensure that all your interest in the Property has been fully charged to us and the Total Amount Owing is adequately secured;
g. you will take any action necessary to protect your title to the Property, and will not in any way interfere with our interest in the Property; and
h. if you default in any of your obligations under the CHIP Home Income Plan, we will have possession of the Property without interference.

9.3 Spousal Status: All information and statements you gave us about your spousal status when applying for the CHIP Home Income Plan and in completing the requisite documentation were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O., 1990, c. F.3.

9.4 Change in Status: You (or your legal and/or personal representative, as applicable) will advise us immediately of the following and provide us with such evidence as we may request:

a. your death;
b. the date the last surviving chargor who has signed the CHIP Home Income Plan is moving or has moved into a retirement residence or a long-term care facility; and
c. any change or happening affecting your spousal status or the qualification of the Property as a family residence within the meaning of Part II of the Family Law Act.

9.5 Occupation/Use of Property: You will:

a. live on the Property as your Principal Residence for at least six months in any given 12 month period (this provision does not apply for the first year the last surviving chargor who has signed the CHIP Home Income Plan moves into a retirement residence or a long-term care facility);
b. before leaving the Property for 30 or more consecutive days, make all appropriate arrangements to have the Property and its insurance coverage maintained; and
c. not change or permit to be changed the existing use of the Property without our prior written consent.

9.6 Insurance: You will insure the Property in accordance with Section 8, if applicable.

9.7 Compliance: You will, at your expense, comply with all laws, regulations, work orders, directions and notices of any government body having jurisdiction with respect to the Property.

9.8 Repair: You will:

a. keep the Property in a good condition and state of repair and carry out all necessary repairs;
b. not do, nor let anyone else do, anything which lowers the value of the Property;
c. comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of the Property; and
d. authorize us to enter the Property at all reasonable times to inspect and repair, on reasonable notice except in the case of an emergency.

9.9 Hazardous Substances: To the best of your knowledge, after reasonable enquiry and investigation:

a. no part of the Property or any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any Hazardous Substance, except in compliance with all laws, regulations and orders; and
b. no part of the Property contains, has ever contained or will in the future contain any Hazardous Substance that may lower the value of or adversely affect the marketability of the Property.

9.10 Demolition: You will not demolish any building or structure or part of any building or structure on the Property without our prior written approval.

9.11 Alterations/Improvements: You will not make any substantial alterations, additions or improvements to the Property without our prior written approval to your proposed plans and specifications. In addition:

a. any such work will be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to the Property, at your expense; and
b. if we ask, you will provide us with proof of payment of all work done and compliance with governmental requirements and building standards.

9.12 Rental of Property: You will not rent any part of the Property without our prior written consent as set out in Section 13.

10. OUR RIGHTS

10.1 Not Deemed in Possession: In exercising any of our rights under the CHIP Home Income Plan, we shall not be deemed to be a mortgagee in possession.

10.2 Taxes: We may confirm, at any time, that Taxes are not overdue and outstanding.

10.3 Inspection: We shall have access to and the right to inspect the Property (including inside any buildings or structures on the Property) from time to time upon giving you reasonable notice except in the case of an emergency.

10.4 Repair: If you do not keep the Property in a good condition and state of repair or do or allow anything to be done which lowers its value, then we can enter the Property and may make such arrangements to make whatever repairs that are, in our opinion, necessary.

10.5 Assignment: We may assign all or part of the CHIP Home Income Plan and any collateral security or any of our rights to any person or company, in which event:

a. your rights in connection with the CHIP Home Income Plan will be binding on the assignee; and
b. all of our rights and remedies in connection with the assigned interest will be enforceable by the assignee.

10.6 Releasing Property from the CHIP Home Income Plan: At our option, we may release any person or our interest in all or part of the Property, whether or not we receive any value, and we will be accountable to you only for the money we actually receive. If we release our interest under the CHIP Home Income Plan in only a part of the Property, the remainder of the Property will continue to secure all amounts owing under the CHIP Home Income Plan, and your obligations under the CHIP Home Income Plan will continue unchanged.

If the Property is subdivided, each part will secure payment of the amounts owing to us under the CHIP Home Income Plan.

11. EVENTS OF DEFAULT

11.1 Events of Default: Any one of the following is an Event of Default:

a. **Non-compliance**: At any time, you do not fully comply with any of your obligations under the CHIP Home Income Plan, including this set of standard charge terms;
b. **Misrepresentation**: At any time, we discover a discrepancy or inaccuracy in any written information, statements or representations made or provided by you to us in connection with the CHIP Home Income Plan;
c. **Expropriation**: All or any part of the Property is expropriated;
d. **Bankruptcy**: You commit an act of bankruptcy or become insolvent or make a compromise or arrangement with creditors or if a Receiver is appointed for you or the Property;
e. **Condominium Events**: If any of the events set out in Paragraph 8 of Schedule A occurs; or
f. **Lien:** A construction lien is registered against the Property and not discharged within a period of 14 days after the date on which you become aware of such lien.

11.2 Accelerated Payment: Upon the occurrence of an Event of Default:

a. the Total Amount Owing under the CHIP Home Income Plan immediately becomes due and payable; and
b. we can enforce our rights in accordance with Section 12.

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12. OUR REMEDIES IF AN EVENT OF DEFAULT OCCURS

12.1 Exercise of Remedies: Upon the occurrence of an Event of Default we may enforce, in any order, any one or more of the remedies in this Section 12.

12.2 Delay in Enforcement: Our rights will not be affected if we delay in enforcing any of our remedies under the CHIP Home Income Plan or give you or anybody else an extension of time. We may still insist on you making all payments and complying with your obligations, require payment of the Total Amount Owing if you are in default and require any other person who has obligations under the CHIP Home Income Plan to meet those obligations.

12.3 Waiver: We may in writing at any time or times after an Event of Default waive such Event of Default. Any such waiver will apply only to the particular Event of Default waived and will not operate as a waiver of any other or future Events of Default.

12.4 Enter on the Property: We can enter on the Property, and make any necessary arrangements to inspect, manage, repair or complete construction. Any costs we incur will be considered Related Expenses.

12.5 Lease: If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease all or part of the Property. If your default continues for 30 days we may, without notice to you, enter on and lease the Property without giving you notice.

We will apply the net proceeds of any lease to the Total Amount Owing. You will continue to be obligated to pay us the balance of the Total Amount Owing.

12.6 Power of Sale: If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, R.S.O. 1990,c.M.40, enter on and sell the Property or any part of the Property.

Any sale can be for cash or on credit, or a combination of the two. In addition, any sale can be by private sale or public auction and on such terms as can reasonably be obtained.

If the net proceeds of any sale do not pay the Total Amount Owing you will continue to be obligated to pay us the balance of the Total Amount Owing.

12.7 Foreclosure or Sale: We may take court proceedings to foreclose your right, title and equity of redemption to the Property. If we obtain a final order of foreclosure from the court, the Property will belong to us.

We may also ask the court to order the sale of the Property under its supervision. If the amount we receive from the sale is less than the Total Amount Owing you will continue to be obligated to pay us the balance of the Total Amount Owing.

12.8 Legal Actions: We may take such legal action as is necessary to take possession of the Property and/or collect the Total Amount Owing.

12.9 Appoint a Receiver:

a. We may appoint, in writing, a Receiver to collect any income from the Property, manage the Property and keep it in good condition;
b. The Receiver will be your agent, not ours, and you alone will be responsible for any of the Receiver's acts or omissions;
c. We are not accountable for any moneys received by the Receiver except to the extent that we actually receive any such moneys;
d. The Receiver may use every available remedy that we have under the CHIP Home Income Plan to collect the income from the Property, take possession of the whole or part of the Property, manage the Property and keep it in good condition;

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e. From the income collected, the Receiver will pay his own remuneration, all expenses incurred by him in the exercise of his powers, interest, Funds, Related Expenses, Taxes and other expenditures;
f. If the amount we receive from the income collected by the Receiver is less than the Total Amount Owing, you will continue to be obligated to pay us the balance of the Total Amount Owing.

12.10 Cure any Defaults: We can cure any defaults under the CHIP Home Income Plan, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

12.11 Non-interference: If, in enforcing our remedies, we take possession of the Property, you will not interfere with our possession, with that of any Receiver we may appoint or with that of any person to whom the Property may be leased or sold.

12.12 Expropriation: All the Funds of any expropriation of all or part of the Property will be paid to us at our option in priority to the claims of any other party.

12.13 Judgments: If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing other remedies or rights to enforce your other obligations under the CHIP Home Income Plan.

13. RENTAL OF PROPERTY

13.1 No Rental without Our Consent: As long as the CHIP Home Income Plan is in effect, you are not permitted to rent the Property in its entirety. However, you may rent part of the Property provided that:
a. you obtain our written consent first;
b. the rental complies with applicable by-laws and/or regulations; and
c. you have proper insurance in place covering the rented portion of the Property.

13.2 Documents: You will provide us with copies of all rental agreements, financial statements and any other information requested by us in relation to the rental of the part of the Property.

13.3 Assignment: As additional security for the money secured under the CHIP Home Income Plan, you transfer and assign to us all rents, income, profits, rights and other benefits now or hereafter due or arising pursuant to all present and future oral or written leases, agreements to lease, tenancies or other agreements for the use or occupancy of any part of the Property and all extensions and renewals thereof granted to any and all tenants, licensees and other occupiers of the Property.

13.4 Exercising Our Rights: Although it is the intention of the parties that the assignment in Section 13.3 shall be a present assignment, it is expressly understood and agreed that we will not exercise any of the rights or powers conferred upon us unless and until an Event of Default occurs under this CHIP Home Income Plan.

13.5 No Obligations: We are not obligated to collect any rent or income from the Property nor to comply with any term of any lease or lease agreement.

13.6 No Liability: You agree to save and hold us harmless of and from any and all actions, proceedings, claims, demands, liability, damages, costs or expenses that we may incur under or by reason of the assignment in Section 13.3.

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14. CONDOMINIUM

14.1 Applicable Provisions: If all or any part of the Property is or becomes a condominium unit pursuant to the provisions of the Condominium Act, the provisions set out in Schedule B apply in addition to all other provisions of the CHIP Home Income Plan.

15. GENERAL MATTERS

15.1 Headings: Headings in this CHIP Home Income Plan do not form part of the CHIP Home Income Plan but are used only for ease of reference.

15.2 Invalidity: If any of the provisions, covenants or conditions in this CHIP Home Income Plan shall be void for any reason, the validity or enforceability of all other provisions will not be affected.

15.3 Who is Bound: Not only do you agree to be bound by everything, including your obligations, in the CHIP Home Income Plan, but your legal and personal representatives and anybody else to whom your Property is transferred are also bound. The CHIP Home Income Plan is also binding on our successors and assigns and on anybody to whom we may transfer the CHIP Home Income Plan.

If more than one person signs this CHIP Home Income Plan as chargor, then all persons who sign are jointly and severally liable to comply with all obligations under the CHIP Home Income Plan and the provisions of this CHIP Home Income Plan shall be read and construed with all changes of gender and number as required by the context.

15.4 Notices: All notices or other communications to be given pursuant to or in connection with this CHIP Home Income Plan shall be:

a. in writing;
b. signed by the party giving such notice or by its or their solicitors; and
c. personally delivered or sent by mail to the party or parties intended at its or their respective addresses for service as set out in the CHIP Home Income Plan.

Any party may from time to time by notice given as provided herein change its address for the purpose of this provision.

15.5 Consent: Wherever you are required by this CHIP Home Income Plan to obtain our consent or approval, it is agreed that, subject to any other specific provision contained in this CHIP Home Income Plan to the contrary, we may give or withhold our consent or approval for any reason that we may see fit. We will not be liable to you in damages or otherwise for our failure or refusal to give or withhold such consent or approval. You are to pay all costs of obtaining such consent or approval.

15.6 Governing Law: This CHIP Home Income Plan is to be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in Ontario.

15.7 Statutory References: Unless expressly stipulated or otherwise required by the context, all references in this CHIP Home Income Plan to any federal, provincial or municipal statute, regulation, by-law, order, directive or other governmental enactment shall be deemed to be and construed as a reference to the same as amended or replaced from time to time.

15.8 Exclusion of Statutory Covenants: The implied covenants deemed to be included in a mortgage under subsection 7(1) of the *Land Registration Reform Act*, R.S.O. 1990, c.l.4 are excluded and replaced by the terms hereof which are covenants by you, for you and on your behalf with us.

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15.9 Short Form of Mortgages Act: If any of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the *Short Form of Mortgages Act*, R.S.O. 1980, c. 474, and distinguished by a number therein, this CHIP Home Income Plan shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number, and this CHIP Home Income Plan shall be interpreted as if the said Act was still in full force and effect.

15.10 Amendment of Terms: The CHIP Home Income Plan may be amended from time to time, in writing, as to any of its terms. It shall not be necessary to register any such agreement in order to retain priority for this CHIP Home Income Plan so amended over any instrument registered subsequent to this CHIP Home Income Plan.

No amendment of any of the terms of this CHIP Home Income Plan or any other dealing by us with the owner of the Property or any other person shall in any way affect or prejudice our rights against you or any other person liable for the payment of the Total Amount Owing.

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SCHEDULE A – INTEREST RATE DISCOUNTS

Subject to Paragraphs 3 and 4 below, the following interest rate discounts will apply:

1. Long-Term Escalating Discount

Approximately three years after the Effective Date, the prevailing Interest Rate will be reduced by 0.25%. On each subsequent one year anniversary, the Interest Rate will be reduced by a further 0.25%, up to the maximum specified in your CHIP Home Income Plan.

The date on which you are first eligible for this discount is specified in your CHIP Home Income Plan.

2. Interest Payment Discount

Approximately one year after the Effective Date and each subsequent one year anniversary ("**Discount Review Date**"), the Interest Rate for the following one year period will be reduced by 1.00% if we have received from you:

a. all of the interest that has accrued in the 12-month period immediately preceding your payment; or
b. Monthly Payments for each of the 12 months immediately preceding the next Discount Review Date and the amount of each Monthly Payment is not less than the amount we calculated for the applicable period.

The date on which you are first eligible for this discount is specified in your CHIP Home Income Plan.

3. Maximum

The total of the these two interest rate discounts at any point in time will be subject to the maximum specified in your CHIP Home Income Plan.

4. No Default

Each reduction in the Interest Rate will be on the condition that at such time you are not in default under the terms of the CHIP Home Income Plan.

SCHEDULE B - CONDOMINIUM PROVISIONS

1. **Common Elements**: For the purposes of all parts of the Property comprising one or more condominium units, all references in this CHIP Home Income Plan to the Property shall include your appurtenant undivided interest in the common elements and other assets of the Condominium Corporation.

2. **Compliance**: You will, at all times, comply with the Condominium Act and will forward to us proof of such compliance as we may request from time to time.

3. **Payment of Expenses**: You shall pay, when due, all monies payable by you or with respect to the Property in accordance with the provisions of the Condominium Act and the declaration, by-laws and rules of the Condominium Corporation, including all required contributions to common expenses and any special levies, charges and assessments, and shall provide proof of such payment to us upon request.

4. **Insurance**: Under the Condominium Act, the Condominium Corporation must obtain appropriate insurance. In addition, you must insure all improvements that at any time have been made to the Property against loss or damage by fire and such additional risks as we may require. All insurance policies must be carried with a recognized insurance company or companies.

You will assign and transfer your insurance policy or policies and receipts to us. If you fail to keep the Property and improvements insured, we are entitled but not obligated to insure the Property and/or its improvements.

Upon our request, you must give us certified copies of all of your insurance policies relating to the Property and the current Certificate of Insurance of the Condominium Corporation.

If any loss or damage occurs to your improvements on the Property, you will immediately notify us and will, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds may, as may be permitted by law, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce the Total Amount Owing.

5. **Right to Vote**: You irrevocably appoint, authorize and empower us to exercise your rights to vote or to consent as an owner within the meaning of the Condominium Act with respect to all matters relating to the affairs of the Condominium Corporation, or to abstain from doing so, provided that:

   a. unless and until an Event of Default occurs, we do not intend to exercise the right to vote or to consent and you may exercise your right to vote or to consent until we give you notice that we will be exercising the right; and any such notice may be for an indeterminate period of time, a limited period of time or for a specific meeting or matter;
   b. we shall not be under any obligation to vote or to consent or to protect your interests; and
   c. our exercise of our right to vote or to consent or to abstain from doing so shall not constitute us as mortgagee in possession and shall not give rise to any liability on our part.

6. **Copies/Notices**: If we request, you will forward to us copies of notices and other communications received from the Condominium Corporation.

7. **Records Inspection**: You authorize and direct the Condominium Corporation to note our interest as chargee on its records and to permit us to inspect the records of the Condominium Corporation at any reasonable time.

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SCHEDULE B - CONDOMINIUM PROVISIONS *(cont'd)*

8. **Events of Default**: In addition to and notwithstanding any other provisions of this CHIP Home Income Plan, the Total Amount Owing shall, at our option, become immediately due and payable without notice or demand if any of the following events or circumstances occur and continue:

a. the government of the Condominium Corporation or the government of the Property by the Condominium Corporation is terminated;
b. a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements or all or any part of the Property, or any part of the same is expropriated;
c. the Condominium Corporation fails to comply with any provision of the Condominium Act or its declaration or any of its by-laws and rules; or
d. the Condominium Corporation fails to insure its assets, including the Property, in accordance with the Condominium Act and the declaration and by-laws of the Condominium Corporation, or any insurer thereof cancels or threatens cancellation of any existing obligation to insure the same.

DATED at Toronto this 20th day of May, 2008.

CANADIAN HOME INCOME PLAN CORPORATION

PER: ____________________
Celia Cuthbertson, Corporate Secretary

RECEIPT

The Chargor(s) hereby acknowledge receipt of a true copy of the CHIP Home Income Plan and the foregoing Standard Charge Terms before signing the CHIP Home Income Plan.

DATED the ________________ day of ____________________________, __________.

______________________________ ______________________________
Chargor: Chargor:

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200812 Cote
Filing Date May 22nd 2008 Date de Dépôt
Page 1 of/de 18 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
Standard Charge Terms (Ontario)

CHIP HOME INCOME PLAN

Filed By: Canadian Home Income Plan Corporation
Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred by its filing number, as provided in Section 9 of the *Land Registration Reform Act*, R.S.O. 1990, c.14 except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in a schedule to the charge, if any.

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1. DEFINED TERMS

In this document:

1.1 "**CHIP Home Income Plan**" means:

- a. the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the *Land Registration Reform Act*, R.S.O. 1990, c.l.4 and which refers to the same filing number as on the first page of this document;
- b. the registered Form 2 Charge/Mortgage of Land which refers to the same filing number as on the first page of this document;
- c. any schedules attached to the electronic charge or the Form 2; or
- d. any amendments to or replacements of the electronic charge or Form 2;

1.2 "Condominium Act" means the *Condominium Act*, 1998 (Ontario);

1.3 "Condominium Corporation" means a corporation created pursuant to the Condominium Act and pertaining to all or any part of the Property that is governed by the Condominium Act;

1.4 "Due Date" means the earliest of the dates set out in Section 6.1 on which you must pay us the Total Amount Owing;

1.5 "Effective Date" means the date(s) on which we advance money under the CHIP Home Income Plan. In the case of Subsequent Advances each advance will have its own Effective Date. In the case of Planned Advances all Planned Advances in a calendar year will have the same Effective Date as the first Planned Advance in that calendar year;

1.6 "Event of Default" means any one of the events set out in Section 12.1, the occurrence of which gives us the right to demand immediate payment of the Total Amount Owing under the CHIP Home Income Plan at that time;

1.7 "Fair Market Value" means the amount that would be paid on the open market, at the applicable date, to buy the Property unencumbered by any lien, interest or charge. In the absence of agreement between the parties, the Fair Market Value will be determined by an appraisal conducted by an independent appraiser appointed by us, to act as an expert and not as an arbitrator;

1.8 "Funds" means the total amount of money we have advanced from time to time under the CHIP Home Income Plan;

1.9 "Hazardous Substance" means any hazardous waste or substance, pollutant or contaminant which when released into the natural environment may, based upon reasonably authoritative information then available, immediately or in the future, cause material harm or degradation to the natural environment or to the health or welfare of any living thing;

1.10 "Interest Rate" means the rate of interest as determined and calculated in accordance with the CHIP Home Income Plan, both before and after maturity, default or judgment;

1.11 "Interest Rate Differential" means the amount calculated in accordance with Section 7.1. At any time you pay us Funds, you may be required to pay us an Interest Rate Differential if the Interest Rate in effect at the time of payment is greater than the rate being offered by us on new reverse mortgages of similar interest rate terms;

1.12 "Planned Advance" means scheduled advances for a set amount that we have pre-arranged with you for a certain period of time. For clarity, a Planned Advance is not a Subsequent Advance;

1.13 "Prepayment Amount" means the amount calculated in accordance with Section 8.1. You may be required to pay us a Prepayment Amount if, before the third anniversary of the Effective Date(s), the Total Amount Owing becomes due or you choose to pay us Funds in accordance with Section 6.4;

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1.14 "Principal Residence" means the usual place where an individual, permanently resident in Ontario, makes his or her home;

1.15 "Property" means:

a. the land described in the CHIP Home Income Plan;
b. all buildings and structures now on the land or later added;
c. anything now or later attached, placed, installed or erected on or to the building(s) or the land; and
d. all easements and rights-of-way;

1.16 "Receiver" means any receiver or receiver and manager of the Property as we may appoint pursuant to the provisions of the CHIP Home Income Plan, or as may be appointed by any court of competent jurisdiction;

1.17 "Related Expenses" means any money (other than the Funds) that we have not initially agreed to spend in connection with the Property, the payment of which and interest thereon is secured by the CHIP Home Income Plan. Such expenses include, but are not limited to, Taxes, charges from your financial institution relating to returned payments, our administration fees (if any) and any other costs incurred or amounts paid by us:

a. in inspecting, appraising, selling, managing, repairing, insuring or maintaining the Property; and
b. relating to the CHIP Home Income Plan, including its enforcement and realizing on our security;

1.18 "Reset Date" means the date on which the Interest Rate is reset, as specified in the CHIP Home Income Plan;

1.19 "Subsequent Advance" means any advance, other than a Planned Advance, requested by you at any time following the first advance. For clarity, a Subsequent Advance is not a Planned Advance;

1.20 "Subsequent Advance Account" means the amount at any point in time that you may be eligible to take in the form of Subsequent Advances. The amount of your Subsequent Advance Account on the first Effective Date is set out in your CHIP Home Income Plan;

1.21 "Taxes" means all taxes, rates, assessments, local improvement charges, levies and penalties of any nature or kind, that are payable in connection with the Property or its use or occupation;

1.22 "Total Amount Owing" means the total of Funds, interest on Funds, Related Expenses, interest on Related Expenses, Prepayment Amount and Interest Rate Differential owing to us at any point in time under the CHIP Home Income Plan;

1.23 "We", "our" and "us" means each party in whose favour the CHIP Home Income Plan is given and who is named in the CHIP Home Income Plan as chargee and any assignee of such party;

1.24 "You" and **"your"** means each person who has given and executed the CHIP Home Income Plan as chargor and his or her heirs, estate trustees, and legal representatives.

2. SECURITY AND TITLE

2.1 CHIP Home Income Plan is Security: In return for the Funds, you charge your entire interest in the Property to us to secure payment of the Total Amount Owing and to ensure that you perform all of your obligations under the CHIP Home Income Plan.

2.2 Title: Title to the Property remains in your name as long as you fulfill your obligations under the CHIP Home Income Plan.

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2.3 Our Interest in the Property: Our interest in the Property ends when you have fully paid the Total Amount Owing.

2.4 Obligation to Advance: We will advance Funds on the terms set out in the CHIP Home Income Plan once our requirements are satisfied and the CHIP Home Income Plan is registered on title to the Property.

3. INDEPENDENT LEGAL REPRESENTATION

3.1 Independent Legal Representation: You and any other person who has consented to the CHIP Home Income Plan acknowledge that you have full knowledge of the purpose and essence of this transaction, and that you have been appropriately and independently legally advised in that regard.

3.2 Certificate: You agree to provide us with a Certificate of Independent Legal Representation regarding your knowledge and understanding of the CHIP Home Income Plan and all related documents.

4. FUNDS AVAILABLE AND TYPES OF ADVANCES

4.1 Type of Advance: You may elect to receive advances as follows:

a. an initial advance followed by Subsequent Advances;
b. an initial advance followed by Planned Advances;
c. an initial advance followed by a combination of Subsequent Advances and Planned Advances; or
d. only Planned Advances.

Once a year, within a specified month, you may change how you receive advances. However, you may stop Planned Advances at any time. Your Subsequent Advance Account will be adjusted accordingly.

4.2 Amount Available: The amount available to you at any point in time equals remaining Planned Advances plus the Subsequent Advance Account. The maximum amount you are eligible to receive will never exceed the amount registered on title.

4.3 Increase in Subsequent Advance Account: If at the time your CHIP Home Income Plan is registered on title you have elected to receive some or all of the money in Subsequent Advances, each year thereafter we will increase the amount that is in your Subsequent Advance Account at that time by 5%.

4.4 Subsequent Advances: A Subsequent Advance will be made subject to our then applicable lending criteria and certain conditions, including the following:

a. you are in compliance with all of your obligations under the CHIP Home Income Plan; and
b. the Subsequent Advance is not less than the lesser of a certain minimum or the remaining amount available to you before the Subsequent Advance.

A fee may be charged for each Subsequent Advance.

4.5. Planned Advances: You may choose to receive Planned Advances monthly, quarterly, semi-annually or annually. Planned Advances are scheduled over a set period of time of not more than 15 years from the time of the first Planned Advance.

4.6 Applicable Interest Rate: Interest will accrue on Subsequent Advances and Planned Advances at the Interest Rate. The Interest Rate on Subsequent Advances and Planned Advances will be reset on the Reset Date regardless of the date of the advance.

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4.7 Mortgage Date: For the purpose of Section 10 of the Interest Act (Canada) and Section 18 of the *Mortgages Act*, R.S.O. 1990,c.M.40, the date of the CHIP Home Income Plan for purposes of a Subsequent Advance and Planned Advance shall be deemed to be the Effective Date of the advance.

4.8 Applicable Terms and Covenants: In addition to this Section 4, Subsequent Advances and Planned Advances are subject to all other covenants and provisions in this CHIP Home Income Plan.

5. INTEREST

5.1 Interest Rate Options: If you are receiving Planned Advances the Interest Rate on the Funds will be the six month rate.

If you are not receiving Planned Advances, you may select a variable or a fixed interest rate. Fixed interest rates are available for six month, one year, three year or five year terms. If you have selected a variable rate, you may switch at any time to a fixed term interest rate. If you have selected a fixed term interest rate, you may switch at the end of the then current term to a variable rate or to another fixed term interest rate.

5.2 Interest on the Funds: Interest will accrue at the Interest Rate on the Funds from the Effective Date(s) to the date you pay us the Funds and interest accrued thereon. If you have a variable rate, the interest on Funds is calculated upon changes to the variable rate and compounded semi-annually, not in advance. If you have a fixed term interest rate, interest on the Funds is calculated and compounded semi-annually, not in advance.

5.3 Payment of Interest on Funds: With the exception of interest accrued on Related Expenses, you are not required to make any interest payments until the Due Date. However, you may choose to pay interest in one of the following ways:

a. Lump Sum Payment

You may make one payment in a 12-month period of either all or part of the accrued interest. The minimum amount you may pay is the lesser of (i) $1,000 or (ii) the total amount of accrued interest.

b. Monthly Payment

You may make monthly payments for a pre-determined amount ("**Monthly Payments**") that we calculate based on our estimate of the interest we expect to accrue over the upcoming 12-month period. Prior to the beginning of each period, we will notify you of the monthly amount.

Monthly Payments are due on a set day each month and are automatically withdrawn electronically from your bank account. At any time, you may request to stop making Monthly Payments.

If our estimate of expected accrued interest exceeds actual accrued interest, the difference will be applied against future interest when accrued.

If the monthly amount decreases from one period to the next, the amount withdrawn from your bank account will be reduced starting on the next payment date.

If the monthly amount increases from one period to the next, you may choose to continue paying the lower monthly amount that you had been paying.

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If on or after the fifth anniversary of the first Effective Date, you choose to pay a portion of the Funds and you are making Monthly Payments, your monthly amount will be re-calculated at that time and we will notify you of the revised monthly amount.

5.4 Interest Rate Discounts: You may be eligible to receive interest rate discount(s), as described in Schedule A.

5.5 Interest on Related Expenses: Interest will accrue on Related Expenses at the Interest Rate plus 2% from the date of payment by us to the date you repay us Related Expenses and the related accrued interest in full. Interest on Related Expenses is calculated and compounded monthly.

5.6 Payment of Interest on Related Expenses: Interest accrued on Related Expenses is due and payable immediately on request.

5.7 Interest Reset: The Interest Rate is reset on the Reset Date, as specified in the CHIP Home Income Plan.

6. PAYMENT

6.1 Due Date: With the exception of Section 6.2, you are not required to make any payments until the earliest of the following:

a. 180 days after the death of the last surviving chargor who has signed the CHIP Home Income Plan;
b. the date that you close the sale of or otherwise dispose of all or any part of the Property;
c. the first anniversary of the date the last surviving chargor who has signed the CHIP Home Income Plan moved into a long-term care facility or retirement residence; or
d. the date we demand payment after the occurrence of an Event of Default.

6.2 Related Expenses: In the event that circumstances require us to incur Related Expenses, you are obligated to pay, immediately on request, Related Expenses and any accrued interest thereon.

6.3 Payment Obligation: Subject to Section 6.5, on the Due Date you must pay us the Total Amount Owing.

6.4 Early Payment Option: You may choose to pay us all of the Funds before the Due Date, in which case you must pay the Total Amount Owing, subject to Section 6.5.

On or after the fifth anniversary of the first Effective Date, once a calendar year you may choose to pay us a portion of the Funds, provided:

a. you also pay us at that time any Related Expenses, interest on Related Expenses, interest on Funds, Interest Rate Differential and Prepayment Amount; and
b. the remaining Funds, following your early payment, are not less than $20,000.

6.5 Limit on Your Payment Obligation: Subject to Section 6.6, you will not have to pay that part (if any) of the Total Amount Owing, excluding Related Expenses and interest on Related Expenses, that exceeds the largest of any of the following amounts:

a. Fair Market Value on the Due Date;
b. gross proceeds of sale (i.e., total sale price without any deductions for such items as real estate commissions) of the Property; or
c. Fair Market Value on the date of actual payment.

6.6 No Limit on Payment Obligation on Interest Accrued after Due Date: There is no limit on your obligation to pay interest accrued on the Funds after the Due Date.

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6.7 Currency and Place: All payments will be in Canadian dollars by certified cheque or bank draft. Payments will be delivered to the address set out in the CHIP Home Income Plan or as we may advise you from time to time.

6.8 Receipt of Payment: We will consider your payment to be made when we actually receive the money. You are responsible for any risk of loss or delay.

If a payment is received after 2:00 p.m. EST, for the purposes of calculating interest, your payment will be deemed to have been received on the next day that the Canadian chartered banks are open for business in the province where the Property is located.

6.9 How We Apply Your Payments: We will apply payments received from you in the following order, as applicable: interest on Related Expenses, Related Expenses, interest on Funds, Prepayment Amount, Interest Rate Differential and Funds. Payments will be applied to Funds in the order of the advances, from first to last.

6.10 Discharge: After you have paid us the Total Amount Owing, we will provide a discharge. You will be responsible for paying all legal and other expenses for preparing and signing the discharge, and such amounts shall be payable directly to the persons providing the discharge services. It is your responsibility to register the discharge on title and to pay the registration fee. If electronic registration is available for your CHIP Home Income Plan, we, or our solicitors, may register the discharge on your behalf and will provide you with confirmation of registration.

The discharge will be prepared and signed by people specifically authorized by us and we will not be obligated to sign any discharge other than one that we have so authorized.

7. INTEREST RATE DIFFERENTIAL ON PAYMENT

7.1 Interest Rate Differential: If at any time the CHIP Home Income Plan becomes due, or you choose to pay Funds before the Due Date in accordance with Section 6.4, and the Interest Rate is greater than the rate being offered by us for new CHIP Home Income Plans of a similar interest rate term (the "**New Rate**"), then there will be an Interest Rate Differential, unless Sections 7.3, 7.4 or 7.5 apply.

The Interest Rate Differential is calculated as follows:

Interest Rate Differential = [(I – N) x Funds being repaid] x (number of days to the next Reset Date ÷ 365)

- I = Interest Rate in effect on the date you pay us Funds
- N = New Rate

7.2 Limit on Interest Rate Differential: The maximum Interest Rate Differential that you may be required to pay is three months interest on the Funds you are paying us, calculated using the Interest Rate in effect on the date you pay us.

7.3 No Interest Rate Differential if Variable Rate: No Interest Rate Differential will apply if you have the variable rate at the time the CHIP Home Income Plan becomes due or when you pay some or all of the Funds.

7.4 No Interest Rate Differential on Death: No Interest Rate Differential will apply if the Total Amount Owing becomes due as a result of the death of the last surviving chargor who has signed the CHIP Home Income Plan.

7.5 No Interest Rate Differential if Within 30 Days: If you pay us Funds in accordance with Section 6.4 and such payment is made within 30 days preceding the Reset Date, the Interest Rate Differential will not apply.

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7.6 Long-term Care Facility Reduction: If the Total Amount Owing becomes due as a result of the last surviving chargor who has signed the CHIP Home Income Plan moving into a long-term care facility or retirement residence, any applicable Interest Rate Differential will be reduced by 50%. We will request satisfactory proof of residence for this provision to apply.

8. EARLY PAYMENT

8.1 Prepayment Amount: If, before the third anniversary of any Effective Date(s), the Total Amount Owing becomes due or you choose to pay us Funds in accordance with Section 6.4, the Total Amount Owing will include a Prepayment Amount (unless Sections 8.2, 8.3 or 8.4 apply).

The Prepayment Amount applies only to the portion of the Funds that is being paid before the third anniversary of the applicable Effective Date(s).

The Prepayment Amount is calculated as follows:

Prepayment Amount = (Funds being repaid x I) ÷ 12 x M
- I = Interest Rate in effect on the date you pay us Funds
- M = Number of months specified in the CHIP Home Income Plan

8.2 No Prepayment Amount After 3 Years: If, after the third anniversary of an Effective Date(s), the Total Amount Owing becomes due or you choose to pay Funds in accordance with Section 5.4, a Prepayment Amount will not apply to the portion of Funds that is being paid after the third anniversary of the applicable Effective Date(s).

8.3 No Prepayment Amount After 5 Years: If, after the fifth anniversary of the first Effective Date, the Total Amount Owing becomes due or you choose to pay us Funds, no Prepayment Amount will apply.

8.4 No Prepayment Amount on Death: No Prepayment Amount will apply if the Total Amount Owing becomes due as a result of the death of the last surviving chargor who has signed the CHIP Home Income Plan.

8.5 Long-term Care Facility Reduction: If the Total Amount Owing becomes due as a result of the last surviving chargor who has signed the CHIP Home Income Plan moving into a long-term care facility or retirement residence, any applicable Prepayment Amount will be reduced by 50%. We will request satisfactory proof of residence for this provision to apply.

8.6 New Property and Refunding Prepayment Amount: If you acquire a new property and would like a CHIP Home Income Plan on the new property, we will refund all or part of the Prepayment Amount payable in connection with payment of the existing CHIP Home Income Plan in the following circumstances:

a. you acquire a new property that qualifies for a CHIP Home Income Plan;
b. you pay us the Total Amount Owing; and
c. within 60 days of paying the Total Amount Owing, you obtain a new CHIP Home Income Plan from us for the new property.

If the amount you qualify to receive from us in connection with the new property is more than the Funds of the existing CHIP Home Income Plan, then we will refund the Prepayment Amount payable in connection with the existing CHIP Home Income Plan.

If the amount you qualify to receive from us in connection with the new property is less than the Funds of the existing CHIP Home Income Plan, then we will refund the Prepayment Amount proportionally. We will refund the Prepayment Amount after the closing of the new CHIP Home Income Plan.

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9. INSURANCE

9.1 Homeowners' Insurance: Until the Total Amount Owing is paid, you will insure and keep insured all buildings, structures, fixtures and improvements on the Property for not less than their full replacement value in Canadian dollars. The risks against which you will insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require.

All insurance policies must be carried with a recognized insurance company or companies and contain clauses confirming that:

a. loss proceeds are payable firstly to us and that we will have the first right to receive and to have a lien on the loss proceeds; and
b. we receive notice of cancellation or non-renewal.

9.2 Loss or Damage: In the event of any loss or damage, you will immediately notify us in writing. Notwithstanding any provisions to the contrary, in the event of any money becoming payable pursuant to any of the Property's insurance policies, we may require that:

a. the insurance money is used to repair or rebuild the Property; and/or
b. all or part of the money is applied towards the Total Amount Owing, whether or not due.

9.3 Original Policy: You will ensure that we are provided with a copy of all signed insurance policies relating to the Property.

9.4 Not Applicable to Condominiums: This Section 9 does not apply if the Property is a single, residential condominium unit.

10. YOUR OBLIGATIONS

You certify and agree with us as follows:

10.1 Payments: You will pay when due:

a. all amounts that are payable as required by the CHIP Home Income Plan;
b. all insurance premiums for the Property;
c. Taxes; and
d. all utility and fuel charges required to maintain the Property.

10.2 Title:

a. you have a good title in fee simple to the Property and have good right, full power and lawful and absolute authority to charge the Property and to give the CHIP Home Income Plan;
b. you have not done or willfully or knowingly allowed any act, deed, matter or thing whatsoever whereby any part of the Property is or shall or may be in any way encumbered, except as the records of the land registry office disclose and which are acceptable to us;
c. the CHIP Home Income Plan will charge any additional interest in the Property which you acquire;
d. you will not create any subsequent financial encumbrances of the Property nor will you permit any such financial encumbrances to be created without our prior written consent;
e. you will not transfer any interest in the Property or change the beneficial ownership of the Property without our prior written consent;
f. you will, at your expense, sign any other document or take any further action which we may think necessary to ensure that all your interest in the Property has been fully charged to us and the Total Amount Owing is adequately secured;
g. you will take any action necessary to protect your title to the Property, and will not in any way interfere with our interest in the Property; and

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h. if you default in any of your obligations under the CHIP Home Income Plan, we will have possession of the Property without interference.

10.3 Spousal Status: All information and statements you gave us about your spousal status when applying for the CHIP Home Income Plan and in completing the requisite documentation were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O., 1990, c. F.3 (as amended or replaced).

10.4 Change in Status: You (or your legal and/or personal representative, as applicable) will advise us immediately of the following and provide us with such evidence as we may request:

a. your death;
b. the date the last surviving chargor who has signed the CHIP Home Income Plan is moving or has moved into a retirement residence or a long-term care facility; and
c. any change or happening affecting your spousal status or the qualification of the Property as a family residence within the meaning of Part II of the Family Law Act.

10.5 Occupation/Use of Property: You will:

a. live on the Property as your Principal Residence for at least six months in any given 12 month period (this provision does not apply for the first year the last surviving chargor who has signed the CHIP Home Income Plan moves into a retirement residence or a long-term care facility);
b. before leaving the Property for 30 or more consecutive days, make all appropriate arrangements to have the Property and its insurance coverage maintained; and
c. not change or permit to be changed the existing use of the Property without our prior written consent.

10.6 Insurance: You will insure the Property in accordance with Section 9, if applicable.

10.7 Compliance: You will, at your expense, comply with all laws, regulations, work orders, directions and notices of any government body having jurisdiction with respect to the Property.

10.8 Repair: You will:

a. keep the Property in a good condition and state of repair and carry out all necessary repairs;
b. not do, nor let anyone else do, anything which lowers the value of the Property;
c. comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of the Property; and
d. authorize us to enter the Property at all reasonable times to inspect and repair, on reasonable notice except in the case of an emergency.

10.9 Hazardous Substances: To the best of your knowledge, after reasonable enquiry and investigation:

a. no part of the Property or any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any Hazardous Substance, except in compliance with all laws, regulations and orders; and
b. no part of the Property contains, has ever contained or will in the future contain any Hazardous Substance that may lower the value of or adversely affect the marketability of the Property.

10.10 Demolition: You will not demolish any building or structure or part of any building or structure on the Property without our prior written approval.

10.11 Alterations/Improvements: You will not make any substantial alterations, additions or improvements to the Property without our prior written approval to your proposed plans and specifications. In addition:

a. any such work will be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to the Property, at your expense; and
b. if we ask, you will provide us with proof of payment of all work done and compliance with governmental requirements and building standards.

10.12 Rental of Property: You will not rent any part of the Property without our prior written consent as set out in Section 14.

11. OUR RIGHTS

11.1 Not Deemed in Possession: In exercising any of our rights under the CHIP Home Income Plan, we shall not be deemed to be a mortgagee in possession.

11.2 Taxes: We may confirm, at any time, that Taxes are not overdue and outstanding.

11.3 Inspection: We shall have access to and the right to inspect the Property (including inside any buildings or structures on the Property) from time to time upon giving you reasonable notice except in the case of an emergency.

11.4 Repair: If you do not keep the Property in a good condition and state of repair or do or allow anything to be done which lowers its value, then we can enter the Property and may make such arrangements to make whatever repairs that are, in our opinion, necessary.

11.5 Assignment: We may assign all or part of the CHIP Home Income Plan and any collateral security or any of our rights to any person or company, in which event:

a. your rights in connection with the CHIP Home Income Plan will be binding on the assignee; and
b. all of our rights and remedies in connection with the assigned interest will be enforceable by the assignee.

11.6 Releasing Property From the CHIP Home Income Plan: At our option, we may release any person or our interest in all or part of the Property, whether or not we receive any value, and we will be accountable to you only for the money we actually receive. If we release our interest under the CHIP Home Income Plan in only a part of the Property, the remainder of the Property will continue to secure all amounts owing under the CHIP Home Income Plan, and your obligations under the CHIP Home Income Plan will continue unchanged.

If the Property is subdivided, each part will secure payment of the amounts owing to us under the CHIP Home Income Plan.

12. EVENTS OF DEFAULT

12.1 Events of Default: Any one of the following is an Event of Default:

a. **Non-compliance**: At any time, you do not fully comply with any of your obligations under the CHIP Home Income Plan, including this set of standard charge terms;
b. **Misrepresentation**: At any time, we discover a discrepancy or inaccuracy in any written information, statements or representations made or provided by you to us in connection with the CHIP Home Income Plan;
c. **Expropriation**: All or any part of the Property is expropriated;
d. **Bankruptcy**: You commit an act of bankruptcy or become insolvent or make a compromise or arrangement with creditors or if a Receiver is appointed for you or the Property;

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e. **Condominium Events**: If any of the events set out in Paragraph 8 of Schedule A occurs; or
f. **Lien:** A construction lien is registered against the Property and not discharged within a period of 14 days after the date on which you become aware of such lien.

12.2 Accelerated Payment: Upon the occurrence of an Event of Default:
a. the Total Amount Owing under the CHIP Home Income Plan immediately becomes due and payable; and
b. we can enforce our rights in accordance with Section 13.

13. OUR REMEDIES IF AN EVENT OF DEFAULT OCCURS

13.1 Exercise of Remedies: Upon the occurrence of an Event of Default, we may enforce, in any order, any one or more of the remedies in this Section 13.

13.2 Delay in Enforcement: Our rights will not be affected if we delay in enforcing any of our remedies under the CHIP Home Income Plan or give you or anybody else an extension of time. We may still insist on you making all payments and complying with your obligations, require payment of the Total Amount Owing if you are in default and require any other person who has obligations under the CHIP Home Income Plan to meet those obligations.

13.3 Waiver: We may in writing at any time or times after an Event of Default waive such Event of Default. Any such waiver will apply only to the particular Event of Default waived and will not operate as a waiver of any other or future Events of Default.

13.4 Enter on the Property: We can enter on the Property, and make any necessary arrangements to inspect, manage, repair or complete construction. Any costs we incur will be considered Related Expenses.

13.5 Lease: If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease all or part of the Property. If your default continues for 30 days we may, without notice to you, enter on and lease the Property without giving you notice.

We will apply the net proceeds of any lease to the Total Amount Owing. You will continue to be obligated to pay us the balance of the Total Amount Owing.

13.6 Power of Sale: If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, R.S.O. 1990,c.M.40, enter on and sell the Property or any part of the Property.

Any sale can be for cash or on credit, or a combination of the two. In addition, any sale can be by private sale or public auction and on such terms as can reasonably be obtained.

If the net proceeds of any sale do not pay the Total Amount Owing you will continue to be obligated to pay us the balance of the Total Amount Owing.

13.7 Foreclosure or Sale: We may take court proceedings to foreclose your right, title and equity of redemption to the Property. If we obtain a final order of foreclosure from the court, the Property will belong to us.

We may also ask the court to order the sale of the Property under its supervision. If the amount we receive from the sale is less than the Total Amount Owing you will continue to be obligated to pay us the balance of the Total Amount Owing.

13.8 Legal Actions: We may take such legal action as is necessary to take possession of the Property and/or collect the Total Amount Owing.

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13.9 Appoint a Receiver:

a. We may appoint, in writing, a Receiver to collect any income from the Property, manage the Property and keep it in good condition;
b. The Receiver will be your agent, not ours, and you alone will be responsible for any of the Receiver's acts or omissions;
c. We are not accountable for any moneys received by the Receiver except to the extent that we actually receive any such moneys;
d. The Receiver may use every available remedy that we have under the CHIP Home Income Plan to collect the income from the Property, take possession of the whole or part of the Property, manage the Property and keep it in good condition;
e. From the income collected, the Receiver will pay his own remuneration, all expenses incurred by him in the exercise of his powers, interest, Funds, Related Expenses, Taxes and other expenditures;
f. If the amount we receive from the income collected by the Receiver is less than the Total Amount Owing, you will continue to be obligated to pay us the balance of the Total Amount Owing.

13.10 Cure any Defaults: We can cure any defaults under the CHIP Home Income Plan, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

13.11 Non-interference: If, in enforcing our remedies, we take possession of the Property, you will not interfere with our possession, with that of any Receiver we may appoint or with that of any person to whom the Property may be leased or sold.

13.12 Expropriation: All the Funds of any expropriation of all or part of the Property will be paid to us at our option in priority to the claims of any other party.

13.13 Judgments: If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing other remedies or rights to enforce your other obligations under the CHIP Home Income Plan.

14. RENTAL OF PROPERTY

14.1 No Rental without Our Consent: As long as the CHIP Home Income Plan is in effect, you are not permitted to rent the Property in its entirety. However, you may rent part of the Property provided that:

a. you obtain our written consent first;
b. the rental complies with applicable by-laws and/or regulations; and
c. you have proper insurance in place covering the rented portion of the Property.

14.2 Documents: You will provide us with copies of all rental agreements, financial statements and any other information requested by us in relation to the rental of the part of the Property.

14.3 Assignment: As additional security for the money secured under the CHIP Home Income Plan, you transfer and assign to us all rents, income, profits, rights and other benefits now or hereafter due or arising pursuant to all present and future oral or written leases, agreements to lease, tenancies or other agreements for the use or occupancy of any part of the Property and all extensions and renewals thereof granted to any and all tenants, licensees and other occupiers of the Property.

14.4 Exercising Our Rights: Although it is the intention of the parties that the assignment in Section 14.3 shall be a present assignment, it is expressly understood and agreed that we will not exercise any of the rights or powers conferred upon us unless and until an Event of Default occurs under this CHIP Home Income Plan.

14.5 No Obligations: We are not obligated to collect any rent or income from the Property nor to comply with any term of any lease or lease agreement.

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14.6 No Liability: You agree to save and hold us harmless of and from any and all actions, proceedings, claims, demands, liability, damages, costs or expenses that we may incur under or by reason of the assignment in Section 14.3.

15. CONDOMINIUM

15.1 Applicable Provisions: If all or any part of the Property is or becomes a condominium unit pursuant to the provisions of the Condominium Act, the provisions set out in Schedule B apply in addition to all other provisions of the CHIP Home Income Plan.

16. GENERAL MATTERS

16.1 Headings: Headings in this CHIP Home Income Plan do not form part of the CHIP Home Income Plan but are used only for ease of reference.

16.2 Invalidity: If any of the provisions, covenants or conditions in this CHIP Home Income Plan shall be void for any reason, the validity or enforceability of all other provisions will not be affected.

16.3 Who is Bound: Not only do you agree to be bound by everything, including your obligations, in the CHIP Home Income Plan, but your legal and personal representatives and anybody else to whom your Property is transferred are also bound. The CHIP Home Income Plan is also binding on our successors and assigns and on anybody to whom we may transfer the CHIP Home Income Plan.

If more than one person signs this CHIP Home Income Plan as chargor, then all persons who sign are jointly and severally liable to comply with all obligations under the CHIP Home Income Plan and the provisions of this CHIP Home Income Plan shall be read and construed with all changes of gender and number as required by the context.

16.4 Notices: All notices or other communications to be given pursuant to or in connection with this CHIP Home Income Plan shall be:

a. in writing;
b. signed by the party giving such notice or by its or their solicitors; and
c. personally delivered or sent by mail to the party or parties intended at its or their respective addresses for service as set out in the CHIP Home Income Plan.

Any party may from time to time by notice given as provided herein change its address for the purpose of this provision.

16.5 Consent: Wherever you are required by this CHIP Home Income Plan to obtain our consent or approval, it is agreed that, subject to any other specific provision contained in this CHIP Home Income Plan to the contrary, we may give or withhold our consent or approval for any reason that we may see fit. We will not be liable to you in damages or otherwise for our failure or refusal to give or withhold such consent or approval. You are to pay all costs of obtaining such consent or approval.

16.6 Governing Law: This CHIP Home Income Plan is to be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable in Ontario.

16.7 Statutory References: Unless expressly stipulated or otherwise required by the context, all references in this CHIP Home Income Plan to any federal, provincial or municipal statute, regulation, by-law, order, directive or other governmental enactment shall be deemed to be and construed as a reference to the same as amended or replaced from time to time.

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16.8 Exclusion of Statutory Covenants: The implied covenants deemed to be included in a mortgage under subsection 7(1) of the *Land Registration Reform Act*, R.S.O. 1990, c.l.4 are excluded and replaced by the terms hereof which are covenants by you, for you and on your behalf with us.

16.9 Short Form of Mortgages Act: If any of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the *Short Form of Mortgages Act*, R.S.O. 1980, c. 474, and distinguished by a number therein, this CHIP Home Income Plan shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number, and this CHIP Home Income Plan shall be interpreted as if the said Act was still in full force and effect.

16.10 Amendment of Terms: The CHIP Home Income Plan may be amended from time to time, in writing, as to any of its terms. It shall not be necessary to register any such agreement in order to retain priority for this CHIP Home Income Plan so amended over any instrument registered subsequent to this CHIP Home Income Plan.

No amendment of any of the terms of this CHIP Home Income Plan or any other dealing by us with the owner of the Property or any other person shall in any way affect or prejudice our rights against you or any other person liable for the payment of the Total Amount Owing.

SCHEDULE A – INTEREST RATE DISCOUNTS

Subject to Paragraphs 3 and 4 below, the following interest rate discounts will apply:

1. Long-Term Escalating Discount

Approximately three years after the first Effective Date, the prevailing Interest Rate will be reduced by 0.25%. On each subsequent one year anniversary, the Interest Rate will be reduced by a further 0.25%, up to the maximum specified in your CHIP Home Income Plan.

The date on which you are first eligible for this discount is specified in your CHIP Home Income Plan.

2. Interest Payment Discount

Approximately one year after the first Effective Date and each subsequent one year anniversary ("**Discount Review Date**"), the Interest Rate for the following one year period will be reduced by 1.00% if we have received from you:

a. all of the interest that has accrued in the 12-month period immediately preceding your payment; or
b. Monthly Payments for each of the 12 months immediately preceding the next Discount Review Date and the amount of each Monthly Payment is not less than the amount we calculated for the applicable period.

The date on which you are first eligible for this discount is specified in your CHIP Home Income Plan.

3. Maximum

The total of the these two interest rate discounts at any point in time will be subject to the maximum specified in your CHIP Home Income Plan.

4. No Default

Each reduction in the Interest Rate will be on the condition that at such time you are not in default under the terms of the CHIP Home Income Plan.

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SCHEDULE B - CONDOMINIUM PROVISIONS

1. **Common Elements**: For the purposes of all parts of the Property comprising one or more condominium units, all references in this CHIP Home Income Plan to the Property shall include your appurtenant undivided interest in the common elements and other assets of the Condominium Corporation.

2. **Compliance**: You will, at all times, comply with the Condominium Act and will forward to us proof of such compliance as we may request from time to time.

3. **Payment of Expenses**: You shall pay, when due, all monies payable by you or with respect to the Property in accordance with the provisions of the Condominium Act and the declaration, by-laws and rules of the Condominium Corporation, including all required contributions to common expenses and any special levies, charges and assessments, and shall provide proof of such payment to us upon request.

4. **Insurance**: Under the Condominium Act, the Condominium Corporation must obtain appropriate insurance. In addition, you must insure all improvements that at any time have been made to the Property against loss or damage by fire and such additional risks as we may require. All insurance policies must be carried with a recognized insurance company or companies.

You will assign and transfer your insurance policy or policies and receipts to us. If you fail to keep the Property and improvements insured, we are entitled but not obligated to insure the Property and/or its improvements.

Upon our request, you must give us certified copies of all of your insurance policies relating to the Property and the current Certificate of Insurance of the Condominium Corporation.

If any loss or damage occurs to your improvements on the Property, you will immediately notify us and will, at your expense, do everything necessary to enable us to obtain the insurance Funds. These Funds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce the Total Amount Owing.

5. **Right to Vote**: You irrevocably appoint, authorize and empower us to exercise your rights to vote or to consent as an owner within the meaning of the Condominium Act with respect to all matters relating to the affairs of the Condominium Corporation, or to abstain from doing so, provided that:

   a. unless and until an Event of Default occurs, we do not intend to exercise the right to vote or to consent and you may exercise your right to vote or to consent until we give you notice that we will be exercising the right; and any such notice may be for an indeterminate period of time, a limited period of time or for a specific meeting or matter;
   b. we shall not be under any obligation to vote or to consent or to protect your interests; and
   c. our exercise of our right to vote or to consent or to abstain from doing so shall not constitute us as mortgagee in possession and shall not give rise to any liability on our part.

6. **Copies/Notices**: If we request, you will forward to us copies of notices and other communications received from the Condominium Corporation.

7. **Records Inspection**: You authorize and direct the Condominium Corporation to note our interest as chargee on its records and to permit us to inspect the records of the Condominium Corporation at any reasonable time.

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SCHEDULE B - CONDOMINIUM PROVISIONS *(cont'd)*

8. Events of Default: In addition to and notwithstanding any other provisions of this CHIP Home Income Plan, the Total Amount Owing shall, at our option, become immediately due and payable without notice or demand if any of the following events or circumstances occur and continue:

a. the government of the Condominium Corporation or the government of the Property by the Condominium Corporation is terminated;
b. a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements or all or any part of the Property, or any part of the same is expropriated;
c. the Condominium Corporation fails to comply with any provision of the Condominium Act or its declaration or any of its by-laws and rules; or
d. the Condominium Corporation fails to insure its assets, including the Property, in accordance with the Condominium Act and the declaration and by-laws of the Condominium Corporation, or any insurer thereof cancels or threatens cancellation of any existing obligation to insure the same.

DATED at Toronto this 20th day of May, 2008.

CANADIAN HOME INCOME PLAN CORPORATION

PER: Celia Cuthbertson
Celia Cuthbertson, Corporate Secretary

RECEIPT: The Chargor(s) hereby acknowledge receipt of a true copy of the CHIP Home Income Plan and the foregoing Standard Charge Terms before signing the CHIP Home Income Plan.

DATED the ________________ day of ______________________________, __________.

Chargor: ______________________________

Chargor: ______________________________

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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by Virtual One Credit Union Limited

Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every Charge in which this set is referred to by its filing number and as provided in Section 9 of the Act.

STATUTORY COVENANTS EXCLUDED

1. The Covenants deemed to be included in the Charge under Sub-Section 7(1), Clauses 1 and 2 of the Land Registration Reform Act, are hereby expressly excluded and replaced by the following Covenants.

COVENANTS IN LIEU OF STATUTORY COVENANTS

2. The Chargor hereby Covenants, promises and agrees to and with the Chargee as follows:

(i) **Authority to Charge the Lands and Premises**

That the Chargor now has good right, full power and lawful and absolute authority to charge the Lands and to give the Charge to the Chargee upon the Covenants contained in the Charge.

(ii) **No Act to Encumber**

That the Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected, or encumbered in title, estate or otherwise, except as the records of the Land Registry Office disclose.

(iii) **Good Title in Fee Simple**

That the Chargor, at the time of the execution and delivery of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the Lands and the premises described in the Charge and in every part and parcel thereof, without any manner of trusts, reservations, limitations, provisoes, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

(iv) **Lands and Buildings Not Contaminated**

That the Buildings on the Lands are not insulated with urea formaldehyde foam and do not contain asbestos building materials, polychlorinated biphenyls, radioactive substances or other Hazardous Materials, no Hazardous Materials have been released into the natural environment from or through the Lands, to the best of the Chargor's knowledge, information and belief, after conducting all reasonable inquiries, no Hazardous Materials have been released into the natural environment from properties adjoining the Lands or from properties located within the immediate vicinity of the Lands, except as expressly permitted, licensed or authorized by Government Authority, the Lands have never been used as a land-fill or waste disposal site, no Hazardous Materials are or have ever been stored on or under the Lands, to the best of the Chargor's knowledge, information and belief, after having conducted all reasonable inquiries, no Hazardous Materials are or have ever been stored on or under properties adjoining the Lands or on or under properties within the immediate vicinity of the Lands, the condition of the soil on the Lands is such that it will not prevent or restrict future development of the Lands for commercial purposes.

"Hazardous Material" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environment, health and/or safety matters.

(v) **Promise to Pay and Perform**

That the Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations contained in the Charge. That the Chargor will comply with all orders issued by regulatory authorities and all environmental laws, regulations, and ordinances. That the Chargor will pay, as they fall due, all taxes, rates, assessments, and penalties, whether municipal, local, parliamentary, judicial, or administrative, which now or may hereafter be imposed, charged or levied upon the Lands or against the Chargor, and when required, produce for the Chargee receipts evidencing payment of the same.

The Chargee shall have the right from time to time to estimate the amount of taxes on the charged Lands and premises for each year and to require the Chargor to pay in each month a specified portion of such estimated amount in addition to the monthly instalments stipulated in this Charge (if any); and the Chargor covenants and agrees when so required to pay to the Chargee in

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addition to the monthly instalments herein mentioned (if any) such specified portion of the said taxes with each of the twelve succeeding monthly instalments herein mentioned next falling due, and the Chargor shall also pay to the Chargee on demand the amount, if any by which the actual taxes exceed such estimated amount. If the principal and interest are repayable on demand only, this amount on account of taxes shall be paid to the Chargee in each month on a day designated by the Chargee. If, before any amount on account of taxes so paid to the Chargee shall have been applied against taxes, there shall be arrears in the payment of principal and/or interest due and payable under this Charge, the Chargee may apply such amount paid on account of taxes instead towards payment of the arrears of principal and/or interest. The Chargee is not obligated to pay interest to the Chargor on amounts paid to the Chargee on account of taxes for the period of time immediately preceding the date the amounts are applied against taxes.

If the payment provisions in this Charge require the Chargor to make payments of principal and interest monthly, the Chargor and the Chargee may from time to time agree that payments of principal and interest (and any amount on account of taxes, if applicable) shall be made more frequently than monthly, in which case the Chargor shall comply with the terms of any such agreement instead of the payment provisions prescribed in this Charge.

If this Charge contains an interest adjustment date, the Chargor further covenants to pay, on such date, interest at the rate set forth in the Charge and all money advanced by the Chargee to the Chargor under the Charge, prior to such interest adjustment date.

(vi) **Obligation to Insure**

That the Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings and the land to the amount of not less than their full insurable value in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the Lands, and such insurance shall include not only insurance against loss or damage by fire, but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least three (3) days before the expiration thereof; otherwise, the Chargee may provide therefor and charge the premium paid and interest thereon, at the rate provided for in the Charge, to the Chargor and the same shall be payable forthwith and shall also be a Charge upon the Lands. It is further agreed that the Chargee may, at any time, require any insurance of the buildings to be cancelled and new insurance effected by a company to be named by the Chargee, and also of his own accord, may effect or maintain any insurance herein provided for in the Charge and the cost of effecting or maintaining same shall also be a Charge upon the Lands. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.

(vii) **Obligation to Repair and to Remediate Environmental Contamination**

That the Chargor will keep the Lands and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent, enter upon and inspect the Lands and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to the Charge.

That in the event that, for any reason whatsoever, the representations and covenants contained in subsections 2(iv) and 2(viii) (a) (ii) regarding the Lands are not true or are breached or shall become untrue or breached any time after the registration of this Charge, then the Chargor shall forthwith conduct appropriate removal/remedial action and such removal/remedial action shall be pre-approved by the Chargee, acting reasonably. The Chargor shall conduct such appropriate environmental assessments as the Chargee may reasonably require in its discretion in order to give its approval. If the Chargor fails to conduct such assessments and/or to take appropriate remedial action, the Chargor hereby permits the Chargee to enter upon the Lands to conduct the assessments and/or effect the remedial action, and the reasonable cost of such assessments and/or remediation shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims subsequent to the Charge.

(viii) **Alterations**

(a) That the Chargor will not

(i) Permit waste to be committed or suffered on the charged premises.

(ii) Discharge or permit the discharge into the natural environment of the charged premises and/or neighbouring lands of any contaminant in an amount, concentration or level in excess of that prescribed by the regulations under the Environmental Protection Act of Ontario, or any similar or successor legislation, or if the contaminant is likely to cause an adverse effect; and

(iii) Suffer or permit any change in the general nature of the occupancy of the charged premises.

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(b) That it will not remove or destroy any of the buildings, plant, machinery and equipment comprised in the improvements other than as herein otherwise provided; provided that nothing herein shall prevent the removal of any such property from one part of the charged premises to another or the temporary removal of any such property for purposes of repair, and provided further that the Chargor may remove, dismantle, sell, exchange or otherwise dispose of any plant, machinery or equipment which has become obsolete, worn out, unserviceable or unnecessary for use in the conduct of any business conducted on the premises if such plant, machinery or equipment is replaced by plant, machinery and equipment of at least equal value or if the value of such plant, machinery or equipment so dealt with in one transaction and not so replaced does not exceed $5,000; provided that such removal or other disposition does not impair the successful operation of the charged premises.

(c) That the Chargor will not make or permit to be made any alterations, additions to, or subtractions from the charged premises without the consent of the Chargee in writing, which consent shall not be unreasonably withheld.

(d) That the Chargor, if the purpose of the Charge is to finance an improvement to the lands and/or buildings, will make the improvement only in accordance with plans and specifications previously approved by the Chargee and complete the improvements as quickly as possible.

(ix) **Obligation to Notify Chargee of Changes**

That the Chargor will forthwith provide the Chargee with full particulars of any change or happening affecting any of the following, namely, (a) the spousal status of the Chargor, and (b) qualification of the said Lands as a matrimonial home within the meaning of the Family Law Act, as amended, the intention being that the Chargee shall be kept fully informed of the names and addresses of any spouse who is not an owner but who has a right of possession in the said Lands by virtue of the said Act. In furtherance of such intention, the Chargor agrees to furnish the Chargee with such evidence in connection with either of (a) and (b) above as the Chargee may, from time to time, request.

(x) **Membership in Virtual One Credit Union Limited**

That during the currency of this Charge the Chargor will maintain at all times his status as a member in good standing of Virtual One Credit Union Limited in accordance with its by-laws and resolutions.

(xi) **Obligation to Maintain an Account out of which Payments can be drawn**

That, if regular payments of principal and interest (and taxes, if applicable) are required by the provisions of this Charge, the Chargor will maintain, with a branch of Virtual OneCredit Union Limited, an account of a type satisfactory to the Chargee, and complete an authorization, in a form approved by the Chargee, whereby such account is automatically debited by an amount equal to each payment of principal and interest (and taxes, if applicable), when each payment is due. The Chargor covenants to ensure that such account always has sufficient funds on deposit to satisfy each such payment when due. If the Chargor breaches this covenant, or cancels the said authorization or closes the account, then any such action or omission shall constitute a default under this Charge. The Chargor agrees to pay to the Chargee its current administration and processing fees for breaches of this covenant.

(xii) **Prohibition Against Subsequent Encumbrances**

That the Chargor will ensure that the Lands will remain free and clear of all encumbrances, liens, mortgages, charges, Personal Property Security interests and financing agreements subordinate to the Chargee's interest throughout the term of this Charge and any renewal or renewals thereof, except those approved in writing.

(xiii) **Casualty, Legal or Environmental Claim**

That the Chargor will give immediate notice in writing to the Chargee of any damage caused by fire or any other casualty to, or legal claim against, the said Lands.

That the Chargor will give immediate notice in writing to the Chargee of the receipt of material governmental or third party notices of violation, claims, suits, orders, or permit or approval revocations relating to environmental risks, and of any discharges or spills on or emanating from said Lands within the meaning of the Environmental Protection Act of Ontario, or any similar or successor legislation.

(xiv) **Ontario New Home Warranties Plan Act**

That if the land and buildings are subject to the requirements of the Ontario New Home Warranties Plan Act of Ontario, or any similar successor legislation, the Chargor will comply with such requirements and reimburse the Chargee for any costs which it may incur in effecting compliance or enforcing the Chargor's rights on its behalf if it fails to do so.

CHARGEE'S RIGHT TO ACCELERATE PAYMENT OF PRINCIPAL AND INTEREST

3. In the event of:

(i) The Chargor selling, conveying, transferring or leasing, or entering into any agreement to complete the same, of the title to any interest in the Lands hereby charged to a purchaser, grantee, transferee, or lessee not approved in writing by the Chargee,

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(ii) The failure of such a purchaser, grantee, transferee or lessee to:

- (a) Apply for and receive the Chargee's written approval as aforesaid;
- (b) Personally assume all the obligations of the Chargor under this Charge, and
- (c) Execute an Assumption Agreement in the form required by the Chargee.

(iii) The death or total permanent disability of the Chargor;

(iv) The insolvency of the Chargor or any Guarantor;

(v) The expiration of three (3) months following the Chargor's withdrawal or expulsion from membership in Virtual OneCredit Union Limited;

(vi) The winding up or dissolution of the Chargor or any Guarantor (if applicable), or

(vii) The Chargor neglecting to keep the buildings, erections and improvements in good condition and repair, or permitting any act of waste in the land (as to which the Chargee shall be sole judge), or making default as to any of the covenants, provisoes, agreements or conditions contained in the Charge or in any Charge to which this Charge is subject;

All monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest, as in the case of payment before maturity, the power of entering upon and leasing or selling the Lands and Premises hereby given and all the remedies herein contained may be exercised forthwith. The exercise of the said option by the Chargee shall not be valid unless expressed in writing and signed by an employee of the Chargee.

CHARGEE'S RIGHTS ON DEFAULT

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(i) **Interest After Default**

In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within three months from the time of default, a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity and so on from time to time, and all such interest and compound interest shall be a Charge upon the land.

(ii) **Right to Distrain**

If the Chargor shall make default in payment of any part of the interest payable under the Charge, at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expense attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

(iii) **Waiver of Default**

The Chargor agrees that the Chargee may, in writing, at any time or times after default, waive such default and upon such waiver the time or times for payment of said principal amount shall be as set out in this Charge, and further that any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

(iv) **Extensions, Renewals and Variations in Terms Not to Prejudice**

Unless the Chargee agrees in writing to the contrary, the obligations hereunder of the original Chargor and the Guarantors shall survive the granting by the Chargee to the original Chargor or anyone claiming under him, including subsequent owners of the lands or of any part thereof, of any extension of time or renewal or variation in terms in respect of the Charge (whether by informal arrangement or by way of a formal Extension, Renewal, or Amending Agreement signed by the Chargor, or subsequent owner, as the case may be). The Charge may be Renewed, Extended or Amended by an Agreement in writing, prior to, at, or after maturity for any term, with or without an increased rate of interest, between the Chargee and the original Chargor, or subsequent owner, as the case may be, with or without notice to, or the concurrence of, the Guarantors, if any, or any subsequent encumbrancers, and/or the original Chargor in the case of an Agreement with a subsequent owner. A Renewal or Extension of this Charge shall be deemed to not create a new Charge, but rather is an extension of this Charge, notwithstanding that a Renewal or Extension Agreement may amend the effective date of this Charge. It shall not be necessary to register any such Agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge. Provided that nothing contained in this paragraph shall infer any right of renewal upon the Chargor.

(v) **Entry on Default**

From and after default shall happen to be made of or in the payment of the principal amount, or the interest payable thereon, or any part of either thereof, as provided in this Charge, of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations contained herein contrary to the true intent and meaning of this Charge, then and in every case it shall and may be lawful to and for the said Chargee to peaceably and quietly enter into, have, hold, use, occupy, possess, and enjoy the lands hereby charged free and clear and freely and clearly acquitted, exonerated and discharged of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances, and of and from all manner of other charges or encumbrances whatsoever without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whatsoever.

If the default includes a breach by the Chargor of his covenant to complete an improvement in accordance with the plans and specifications previously approved by the Chargee, the Chargee may, at its discretion, complete the improvement, subject to such reasonable changes in plans and specifications as a prudent owner would make under the circumstances.

(vi) **Power of Sale**

The Chargee, on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the Lands or sell the Lands. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on the Lands, if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in a county or district in which the land is situate; and such notice shall be sufficient, although not addressed to any person or persons by name or designations; and notwithstanding that any person could be affected thereby may be unknown, unascertained, or under disability. Provided further, that in case default be made in a payment of the principal amount or interest or any part thereof, and such default continues for two months after any payment of either falls due, then the Chargee may exercise the foregoing powers of entering, leasing or selling, or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form, within such time as so required by law. It is hereby further agreed that the whole or any part of parts of the Lands may be sold by public auction or private contract, or partly one or partly the other, and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving in accordance with the terms of this Charge, and inspecting the Lands or by reason of non-payment or procuring the payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge, and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid, same shall be paid to the Chargor, or as he may direct. The costs, charges, and expenses referred to above shall include, but not be limited to, reasonable administration fees charged by the Chargee to the Chargor for the labour of employees expended in managing and inspecting the Lands and premises on behalf of the Chargee in its capacity as chargee in possession. The Chargee may sell any of the Lands, on such terms as to credit and otherwise as shall appear to him most advantageous, and for such prices as can reasonably be obtained therefor, and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contracts for the sale of the whole or any part of the Lands, and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers, after the satisfaction of the claim to the Chargee, and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see the propriety or regularity of any sale or lease, or be affected by express notice that any sale or lease is improper, and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

(vii) **Further Assurances**

From and after default in the payment of the principal amounts secured by the Charge, or the interest thereon, or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then, and in every such case, the Chargor and all and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Lands shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer and execute, or cause or procure to be made, done, suffered and executed, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the Lands unto the Chargee, as by the Chargee or his solicitor, shall or may be lawfully and reasonably devised, advised or required.

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ADDITIONAL TERMS AND CONDITIONS

(i) **Costs Added to Principal**

The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges, which shall from time to time fall due and be unpaid in respect of the Lands, and that such payments together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving the Lands and premises in accordance with the terms of this Charge, and inspecting the Lands and of negotiating the charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in selling or leasing the Lands or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien upon the land, which payments with interest at the rate provided for in the Charge, shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee, as aforesaid, shall be added to the principal amount secured by the Charge and shall be payable forthwith, with interest, at the rate provided for in the Charge.

(ii) **Partial Releases**

The Chargee may, at his discretion, at all times, release any part or parts of the Lands or any other security or any surety for the money secured under the Charge, either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands or any person from the Charge or from any of the covenants contained in the Charge, and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the Lands is or may hereafter be divided, does and shall stand charged for the whole monies secured under the Charge, and no person shall have the right to require the mortgage monies to be apportioned.

(iii) **Discharge**

Upon repayment in full of the monies secured hereby, all accrued interest and charges, and any bonus, if applicable, the Chargee shall sign a cessation of this Charge or, if requested by the Chargor, a transfer of the Charge, and send it to the Chargor within a reasonable time. The Chargor shall pay to the Chargee its usual administrative fee for preparing and signing the Cessation of Charge or Transfer of Charge, whether the Cessation or Transfer is prepared by the Chargee or by the Chargor or his solicitor. The Chargor is solely responsible for registering the Cessation or Transfer on title, at his own expense.

(iv) **Other Security**

This Charge is, in addition to and not in substitution for, any other security held by the Chargee for all or any part of the monies secured hereby. It is understood and agreed that the Chargee may pursue its remedies thereunder or hereunder concurrently or successively, at its option, in the event of default. Any judgment or recovery thereunder or hereunder shall not affect the right of the Chargee to realize upon this or any other security.

(v) **No Right of Prepayment**

This Charge is closed in that the Chargor shall have no right to prepay any part or parts of the monies secured hereby, at any time or times, prior to the date of maturity, provided however, that the Chargee may, in its sole discretion,

(a) Apply towards payment of the monies secured hereby, any monies received by it under any policy of group insurance carried by it on the lives of its borrowing members; and

(b) Calculate interest on a daily basis on the unpaid balance remaining outstanding, on the last previous payment date stipulated herein, and shall then apply said payment received first, in payment of interest so calculated to be due, and the balance, to be applied in reduction of the principal sum, upon receiving a payment from the Chargor, on any date or dates, other than the dates stipulated herein.

(vi) **Non-Merger of Covenants**

The taking of a judgment or judgments on any of the covenants herein, shall not operate as a merger of the covenants, or affect the Chargee's right to interest, at the rate and times provided for in the Charge; and further that any judgment shall provide that interest shall thereon be computed, at the same rate and in the same manner as provided in the Charge, until the judgment shall have been fully paid and satisfied.

(vii **Date of Charge**

If this Charge contains an interest adjustment date, the date of this Charge shall be deemed to be the interest adjustment date stated in the Charge, notwithstanding that the Charge may have been executed on an earlier date. If this Charge does not contain an interest adjustment date, the date of this Charge shall be deemed to be the date of signature thereof by the first named Chargor.

(vi **Recovery of Fees**

The Chargor agrees to pay to the Chargee, when due, the Chargee's then current administration and processing fees in connection with the preparation of any Mortgage Statement for Assumption purposes, Amending or other Agreements, statements for information purposes, any fees referred to in Paragraph 4(VI), charges for cheques relating to this Charge where payment has been refused due to insufficient funds or for any other reason and generally any fees in connection with the proper administration of this Charge. Any such fees and charges, if unpaid, shall be added to the principal outstanding pursuant to this Charge, and shall bear interest at the rate required by this Charge. The amount of any such fees or charges in effect at any particular time is available from any branch of Virtual OneCredit Union Limited, upon request.

CONDOMINIUM

6

If the charged Lands is a condominium unit and its appurtenant interest in the common areas, pursuant to the Condominium Act of Ontario, the following provisions shall form part of this Charge.

The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor as an Owner of the Lands, to vote or consent in all matters relating to the affairs of the Condominium Corporation named in the Charge, provided that:

(i) The Chargor shall be entitled to exercise the right to vote or consent, unless the Chargee gives notice of its intention to exercise such rights. Any such notice may be for an indeterminate period of time, or for a limited period of time, or for a specific meeting or matter.

(ii) The Chargee shall not, by virtue of the assignment to the Chargee of the right to vote or consent, be under any obligation to vote or consent or protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a mortgagee in possession.

GUARANTEE CLAUSE

7. IN CONSIDERATION of the making, by the Chargee to the Chargor, the loan hereby secured, the Guarantors who have duly executed page one of this Charge:

(i) Agree to be jointly and severally liable with the Chargor, for the due payment of all monies payable hereunder, at the times and in the manner herein provided;

(ii) Unconditionally guarantee full performance and discharge by the Chargor of all of his obligations pursuant to the provisions hereof, at the times and in the manner herein provided, notwithstanding that the obligations of the Chargor hereunder may be void or unenforceable at law or in equity or pursuant to statute.

(iii) Agree to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur, or become liable for, by reason of:

(a) The failure, for any reason whatsoever, of the Chargor to pay the money expressed to be payable pursuant to the provisions of this Charge;

(b) The failure, for any reason whatsoever, of the Chargor to do and perform any other act, matter or thing pursuant to the provisions of this Charge;

(c) Any act, action, or proceeding of or by the Chargee, for or in connection with the recovery of the said monies, or the obtaining of performance by the Chargor or any other act, matter or thing pursuant to the provisions of this Charge.

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(Agree that the Chargee may at any time, and from time to time, and without notice to the Guarantors, or any consent or concurrence by them, make any settlement, extension, renewal or variation in terms of the said Charge (whether by informal arrangement or by way of a formal Extension, Renewal or Amending Agreement signed by the original Chargor or a subsequent owner prior to, at or after maturity) or take surrender any security, and that no such thing done by the Chargee nor any carelessness or neglect by the Chargee in asserting its rights, nor any other thing of the foregoing, loss by operation of law of any right of the Chargee against the Chargor, nor the loss or destruction of any security, shall in any way release or diminish the liability of the Guarantors hereunder, so long as any monies expressed by this Charge to be payable remain unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid; and

(v) Agree that the Chargee shall not be obliged to proceed against the Chargor, or to enforce or exhaust any security before proceeding to enforce its obligations herein set out, and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor, or the enforcement of any security for any such debt or obligation.

INTERPRETATION

8

It is hereby agreed, that in construing this Charge, the words "Chargor", "Chargee" and "Guarantors", and the personal pronouns "he", "his", "him", "they" or "them" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors", and "he", "she", "it" or "they", "his", "her", "its" or "their" and "him", "her", "it" or "them" respectively, as the number and gender of the party or parties referred to in each case require, and the number and the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. Furthermore, all rights, advantages, privileges, immunities, powers and things hereby secured to the "Chargor" or "Chargors", "Chargee" or "Chargees", shall be equally secured to and exercisable by his, her its or their heirs, executors, administrators and assigns or successors and assigns, as the case may be. All covenants, liabilities and obligations entered into or imposed hereunder upon the "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors" shall be equally binding upon his, her, its or their heirs, executors, administrators and assigns, or successors and assigns as the case may be, and all such covenants, liabilities and obligations shall be made by the Chargors or Guarantors jointly and severally, unless the Charge specifies otherwise.

DEFINED TERMS

9.

It is hereby further agreed that all words appearing in this Charge that are defined in Section 1 of the Land Registration Reform Act, 1990, except the word "successor", shall be read and construed as having the meaning assigned to them by Section 1 of the Land Registration Reform Act, 1990.

ACKNOWLEDGEMENT OF RECEIPT

I/We, the undersigned, hereby acknowledge receipt of a copy of these Standard Charge Terms, this day of ______________________

______________________ ______________________

DATED this 21st day of May, 2008

Virtual One Credit Union Limited
by their solicitors, Tanner & Guiney Associates

Per ______________________
Geoffrey F. Cauchi

STANDARD CHARGE TERMS
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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200814 Cote
Filing Date June 25 2008 Date de Dépôt
Page 1 of/de 29 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

STANDARD CHARGE TERMS

LAND REGISTRATION REFORM ACT

FILED BY: Abode Mortgage Funding Corp.

DATED:

The following standard charge terms shall be deemed to be included in every charge in which this set is referred by its filing name and filing number of registration, as provided in Section 9 of the Act.

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1. Definitions

This section defines specific terms you will find in this set of standard charge terms:

“Act” means the *Land Registration Reform Act*, R.S.O. 1990, c. L. 4 as amended or replaced;

“adjustment date” means every day on which an interest adjustment is made in this charge;

“applicable laws” means all applicable federal, provincial and municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licenses, authorizations, approvals, all applicable common law or equitable principles and any order of any Court whether now or hereafter in for and effect in the Province of Ontario.

“balance due date” means the date on which this charge money is due and payable as shown on the registered document as the Balance Due Date or a revised date that the chargee may establish;

“borrower mailing address” means the postal address of the borrower shown on the registered document or the most recent postal address provided in a written notice given by the borrower to the lender under these standard charge terms;

“borrower’s promises and agreements” means any one or more of the borrower’s obligations, promises and agreements contained in this Charge;

“box” means a box, designated by its number, on the registered document. Where any information contained in a box is amended by agreement, a reference in these Standard Charge Terms to information in a box will include the information in any amending agreement;

“charge” means the charge given to us under the Act and regulations to secure payment of the loan amount and to secure performance of all of your other obligations under the charge. It includes the registered document, these Standard Charge Terms, any schedule attached and any future renewals, amendments or extensions. It also includes any amendments and replacements or substitutional forms which may be prescribed;

“charge money” means the principal amount, interest and any other money owed by the chargor under this charge, the payment of which is secured by this charge;

“chargor”, **“borrower”**, **“you”** and **“your”** means each person or corporation who is, or is entitled to be, the registered owner of the land and who is described as Chargor in this Charge;

“chargee”, **“lender, “we”**, **“our”** and **“us”** means the person or persons named as Chargee in the registered document and includes any person to whom the lender transfers this charge;

“Court” means a court of competent jurisdiction in the Province of Ontario;

“covenantor” means any person who, although not a registered owner of the land, is named as covenantor in this charge;

“default” includes each of the events of default listed in section 19 of these standard charge terms;

“first payment date” means the date on which the first instalment payment is payable as shown on the registered document, or a revised date that the chargee may establish;

“instalment payment” means the amount of each periodic payment shown on the registered document, or a revised amount that the chargee may establish;

“instalment payment date” means each payment date commencing on the first payment date shown on the registered document, or a revised date that the chargee may establish;

“interest” means interest at the interest rate shown on the registered document;

“interest adjustment date” means the interest adjustment date shown on the registered document as amended from time to time and is the date on which you agree to pay interest accrued from the date of advance of funds. If there is a change to the interest adjustment date, we will notify you of the amended date;

"interest calculation period" means the period or periods for the calculation of interest shown on the registered document;

"interest rate" means the interest rate shown on the registered document, or a revised rate that the chargee may establish;

"land" means all the chargor's present and future interest in the land described in the registered document including every incidental right, benefit or privilege attaching to that land or running with it and all buildings and improvements that are now or later constructed on or made to that land;

"land titles office" means the land registry office for the land titles and/or registry division, as the case may be, of the jurisdiction in which the registered document is registered or to be registered;

"lender mailing address" means the postal address for the chargee shown on the registered document or the most recent postal address provided in a written notice given by the lender to the borrower under these standard charge terms

"lien" means an encumbrance, lien or interest in the land;

"loan amount" means the principal amount, interest and all other amounts owing to the lender from time to time under this charge;

"maturity date" means the balance due date shown on the registered document, or a revised date that the chargee may establish, and is the date on which all unpaid charge money is due and payable, or such earlier date on which the chargee can lawfully require payment of the charge money;

"prime rate" means, on any day, the annual rate of interest which Royal Bank of Canada establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest".

"principal amount" means the amount of money shown as the principal amount on the registered document as reduced by payments made by the chargor from time to time, or increased by the advance or re-advance of money to the chargor by the chargee from time to time, and includes all money that is later added to the principal amount under these standard charge terms;

"paragraph" refers to a numbered paragraph in this set of standard charge terms;

"receiver" means a receiver or receiver manager appointed by the chargee under this charge or by a Court;

"registered document" means the charge or lien, which is part of this charge and any schedules attached to it, as amended from time to time, that is or will be registered against title to your property;

"regulations" means any regulations made under the Act from time to time;

"schedule" means any schedule attached to the registered document. It may contain certain additional terms which apply to the charge or may amend the terms herein;

"taxes" includes all taxes, rates and assessments of every kind which are now or afterward payable by any person in connection with this charge, the land or its use and occupation, or arising out of any transaction between the chargor and the chargee (including local improvement levies and school taxes), but does not include the chargee's income tax; taxes will be deemed to be due on the day on which they are levied by the applicable authority;

"this charge" means the combination of the registered document, this set of standard charge terms, all schedules and addenda to the registered document, and any renewals or amendments thereto;

"**your lease**" means the lease by which you retain a leasehold interest, if any, of the land.

"your property" means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements made to any building, structure or the land from time to time.

In this charge, the singular of any term or phrase defined above includes the plural and vice versa.

2 Terms of this Charge

In return for our lending you the principal amount or such portion of the principal amount as is advanced to you from time to time:

- if you are the owner of your property, you charge your entire interest in your property to us, or if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including any option, agreement for sale or right of first refusal, to purchase) in your property, for the term (except the last day) of your lease, including any renewals and options to us, in either case to secure repayment of the loan amount and to ensure that you perform all your obligations under this charge.

Our interest in your property ends when you have repaid the loan amount in full as provided in this charge and you have satisfied with all of your other obligations under this charge.

When you have paid the charge money and performed all the chargor's obligations, promises and agreements under this charge and we have no obligation to make any further advances, or re-advances, we will no longer be entitled to enforce any rights under this charge and you will be entitled, at your cost, to obtain a discharge of this charge. The discharge must be executed by us and must be registered by you in the land titles office to cancel the registration of this charge against the land.

3 Interest

Interest is chargeable on the charge money and is payable by you.

Interest is not payable in advance. This means that interest must be earned before it is payable. Until the interest adjustment date, simple interest is chargeable on the principal amount advanced from time to time, starting from and including the date of advances until, but not including, the interest adjustment date and will, at our option, become due and payable commencing on the first payment date as set out in the registered document.

The balance, if any, of interest on advances will be due and payable on the interest adjustment date. At our option, interest on advances may be deducted from any advance.

After the interest adjustment date, interest is calculated in accordance with the calculation period shown on the registered document, not in advance, as well after as before the balance due date.

In any case where interest is calculated on a daily basis, interest is chargeable at the interest rate.

At the end of each calculation period, unpaid interest will be added to the principal amount and bear interest at the interest rate. This is known as compound interest. All required interest or compound interest will be a lien on your property and secured by this charge. If you do not make the regular charge payment or other payment when required by this charge, we will charge interest at the interest rate (called "compound interest") both before and after the balance due date set out in the registered document, default and judgment on all overdue amounts (including interest). You must pay this additional interest immediately on our demand, both before and after the balance due date, default and judgment.

4 Fixed Interest Rate Charges

The interest rate payable by you is specified in the registered document. Interest is payable at the frequency set out in the registered document and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six months period commencing on the interest adjustment date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid to us in full.

5 Adjustable Interest Rate Charges

The interest rate payable by you under this charge is an adjustable rate plus or minus the amount stated in this charge. The interest rate will be initially determined on the interest adjustment date and will automatically be adjusted in one of two ways as follows:

- either every three months, with the first adjustment occurring on the day which is three months after the interest adjustment date. On each adjustment date, the interest payable for the next three months period will equal the prime rate plus or minus the amount stated in this charge. If you make weekly or bi-weekly payments, the three months adjustment date is the payment date closest to the three months adjustment date without exceeding the three months adjustment date; or

- on the date that the current prime rate changes. Your next regularly scheduled payment following an increase or decrease in the prime rate will remain the same, however, the amount allocated to the principal amount and interest portions of this charge will be adjusted by us.

It is within our sole discretion which of the two adjustment methods is to apply to this charge. Within a reasonable time after each change in the interest rate, we may, but are not obligated to, mail to you, at your last known address according to our records, a notice of the changed interest rate and its effective date. Your changed charge payment will commence on your next regularly scheduled payment date. The interest will vary in accordance with this section even if we fail to send this notice or you fail to receive it.

The interest rate on this charge is calculated semi-annually not in advance and payable as herein set forth, as well as before maturity and both before and after default.

6. Charge Payments

You promise to pay the charge money, in lawful money of Canada, to us at the place of payment in accordance with the payment provisions set out in the registered document and these standard charge terms.

The instalment payment is due and payable as set out in the registered document regardless of the principal amount advanced at the instalment payment date.

Where the full principal amount is not advanced, the instalment payment may, at our option, be reduced proportionately. You promise to arrange for instalment payments to be made by using our pre-authorized payment plan. The balance, if any, of the charge money will be due and payable on the balance due date shown on the registered document.

Any additional principal payment which is received on a day other than an instalment payment date will not be credited for the purpose of calculating interest on the principal amount until the next ensuing instalment payment date.

The amount of the instalment payment will not change as a result of the additional principal payments.

This charge cannot be prepaid except as expressly permitted under this charge.

7. How We Apply Your Payments

Each of your regular payments will be applied in the following order:

- collection expenses, if any;

- any type of insurance premium, if any;

- any outstanding amount to bring any accounts into good standing in which funds are held pending payment to third parties or amounts are debited in respect of this charge, including without limitation, tax accounts (the "escrow accounts");

- to pay any applicable administration or processing fees;
- to pay interest or reduce the interest on the principal amount accumulated to, but not including, the payment date;
- to satisfy the tax portion of the charge payment (if applicable); and
- to reduce the principal amount.

However, if you do not meet any of your obligations under this charge we may apply any payment or any other money we receive during the period of default towards any part of the outstanding loan amount we choose.

8 Bank Account for Payments

You must maintain a bank account that is satisfactory to us and give us authorization to automatically deduct each payment of principal, interest, taxes and any insurance premium (if applicable) when such become due.

You must make sure that your bank account described in the previous paragraph always contains sufficient funds to meet each payment amount. If you do not maintain sufficient funds in such account, we will consider you to be in default of this charge. In such case, you agree to pay us immediately our administration and processing fees in effect at the time for any actions that we deem, in our sole discretion, necessary.

If you do not immediately pay us the above noted fees, we may, at our sole discretion, declare that you are in default on your loan, or add these fees to the loan amount, or both.

9 Payment Frequencies other than Monthly

Notwithstanding the monthly payment dates set out elsewhere in this charge, in the event you elect to make payments more frequently as permitted by us, the following provisions shall apply:

Accelerated Weekly Payment

You shall (until default as described herein) pay the required monthly instalments by payments equal to one quarter of the regular monthly instalment, payable on the seventh day following the interest adjustment date and on every seventh day thereafter. The balance of the principal and interest thereon shall remain payable as stated elsewhere in this charge. In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds the aggregate of two weekly payments, this provision shall automatically cease to apply and all amounts payable under this charge shall be paid when required by the other terms of this charge.

Accelerated Bi-weekly Payment

You shall (until default as described herein) pay the required monthly instalments by payments equal to one half of the regular monthly instalment, payable on the 14th day following the interest adjustment date and on every 14th day thereafter. The balance of the principal and interest thereon shall remain payable as stated elsewhere in this charge. In addition to our other rights and remedies, if at any time you are in default in the payment of an amount which equals or exceeds one bi-weekly payment, this provision shall automatically cease to apply and all amounts payable under this charge shall be paid when required by the other terms of this charge.

Semi-Monthly Payment Schedule

You shall (until default as described herein) pay the required monthly instalments by payments equal to one half of the regular monthly instalment, payable on the first day and the 15th day of each month commencing with the first such day following the interest adjustment date. The balance of the principal and interest thereon shall remain payable as stated elsewhere in this charge.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds one semi-monthly payment (as described in the previous paragraph), this provision shall automatically cease to apply and all amounts payable under this charge shall be paid when required by the other terms of this charge.

10 Prepayment Rules (Applicable to all Charges)

This charge is closed. However, when not in default of any of the terms, covenants, conditions or provisions contained in this charge, you shall have the following privileges for payment of extra principal amounts:

- During each calendar year following the date of the initial advance of funds you may, without penalty:
    - make prepayments totalling up to 20% of the original principal amount of this charge,
    - increase the monthly payment by a total up to 20% of the then current monthly payment.
- The above-noted privileges shall not be cumulative and do not apply if you are prepaying more than 20% of the original principal amount of this charge, even if you have not used the privilege in the calendar year in which the prepayment is made.

11 Prepaying this Charge with Prepayment Charges

If you are making a partial prepayment that is more than allowed in section 10 the Prepayment charge will be the greater of:

(i) three months interest at the Interest Rate; or

(ii) interest for the remainder of the Term, calculated using the "interest rate differential". The interest rate differential is the difference between the following two amounts:

- the interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated from the prepayment date to the maturity date of this mortgage. The interest costs are calculated at your existing annual interest rate, plus any discount you received on your existing annual interest date; and
- the interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated from the prepayment date to the maturity date of this mortgage at the Royal Bank of Canada interest rate posted on the date of prepayment for the type of mortgage described in the chart below. Use the chart below to find out what interest rate would apply in your case.

If you are prepaying the entire outstanding principal amount, the Prepayment charge will be the greater of:

(i) three months interest at the Interest Rate; or

(ii) interest for the remainder of the Term, calculated using the "interest rate differential". The interest rate differential is the difference between the following two amounts:

- the interest costs on the amount you are prepaying, calculated from your last scheduled regular payment date that is on or before the date of prepayment, whether or not it was actually paid, to the maturity date of this mortgage. The interest costs are calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate; and
- the interest costs on the amount you are prepaying, calculated from your last scheduled regular payment date that is on or before the date of prepayment, whether or not it was actually paid, to the maturity date of this mortgage at the Royal Bank of Canada interest rate posted on the date we prepare the payout statement for the type of mortgage described in the chart below. Use the chart below to find out what interest rate would apply in your case.

Current Remaining Term	**Compare to Rates**
If the length of time between the prepayment date and the maturity date of this charge is:	**We will use the Royal Bank of Canada posted interest rate on the date of prepayment for a Royal Bank of Canada closed charge product similar to yours with a term of:**
Greater than or equal to one day and less than or equal to six months	Daily interest to maturity date
Greater than six months and less than or equal to 17 months	1 year
Greater than 17 months and less than or equal to 29 months	2 years
Greater than 29 months and less than or equal to 41 months	3 years
Greater than 41 months and less than or equal to 53 months	4 years
Greater than 53 months and less than or equal to 60 months	5 years

12. Ordering the Charge Payout Statement

If you want to prepay the entire outstanding principal amount of this charge, you can ask us to provide you with a statement of the amount required to pay the balance of the loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date in which you make your request to prepare the statement. The date you choose is called the "statement effective date".

We will not process any charge payments, or any other payments that we receive, between the date we prepare the charge payout statement and the statement effective date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular charge payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to interest at the interest rate.

If you do not pay off this charge on the statement effective date, we will, within 60 days following the statement effective date, process all charge payments, and any other payments, that we did not process between the date we prepared the charge payout statement and the statement effective date.

13. Early Renewal Terms

Provided there is (a) no default under this charge, and (b) we agree to renew, you may renew this charge on any instalment payment date during the original term, by selecting a renewal option that we are offering at the date of your selection and on payment of any interest rate differential and an early renewal processing fee. Any renewal option selected must result with a balance due date equal to or later than the balance due date shown on the registered document.

For the purposes of this paragraph 13, the interest rate differential is the amount of money we require to be paid by you on the date in which this charge is renewed, to compensate us for the loss of interest income which results from a lower rate of interest on a replacing loan for the remainder of the original term. It is calculated after determining the difference between the rate of interest in this charge and the rate of interest for a replacing charge loan for the charge term you select.

14. Renewal Terms

In the event that we agree to renew or extend the term of this charge, such renewal or extension, including the interest rate, term, instalment payment and any other stipulations of such renewal or extension, will be binding upon you and all subsequent charges, encumbrances and other interests in or of the land subsequent to this charge ("subsequent encumbrances"), and will take full priority over all subsequent encumbrances, whether or not the said renewal or extension is filed or recorded by notice at the applicable land titles office and whether or not the interest rate payable or amortization period applicable during the renewal or extension term is greater than or less than the interest rate or amortization period stipulated in this charge. You will, forthwith at our request, provide to us, at your expense, all such postponements and other assurances as we may require ensuring the foregoing are of binding effect and that this charge maintains its priority over other liens against your property.

All legal and administrative expenses and costs related to renewals of this charge are payable by you and they are secured by this charge.

15. Assumption of the Mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

16. Portability

If you have met all your obligations under this mortgage and you have agreed to sell your property and purchase another property within 60 days of the sale of your original property, we may provide financing for the purchase of the new property. You will be required to give us a mortgage on your new property. The following conditions apply:

- You must apply in writing.
- The term of the new mortgage must be equal to the remaining term of this mortgage.
- The sale of your original property must be in good faith and be an "arms-length" sale.
- On the date you complete the sale of your original property, the loan amount must be paid in full, including all applicable prepayment charges. However, if the new mortgage is advanced to you within 60 days of the prepayment of the original mortgage, we will refund the prepayment charge to you, **unless** the principal amount of the new mortgage is less than the principal amount still owing under the original mortgage on the date of prepayment (see below).
- If the principal amount of the new mortgage is the **same as** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage.
- If the principal amount of the new mortgage is **less than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage. In this case, we will **not** refund to you any prepayment charge you paid on the amount of the outstanding principal amount of the original mortgage that is greater than the principal amount of the new mortgage.
- If the principal amount of the new mortgage is **greater than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate for the new mortgage will be:

Original Mortgage Type	**Interest Rate**
Fixed rate mortgage (with a remaining term of 12 months or less)	A rate that blends: • the interest rate for this mortgage, and • the rate of the interest we offer on the date the new mortgage is advanced for a fixed rate closed Abode Mortgage Corporation brand mortgage product similar to yours having a 6-month term.
Fixed rate mortgage (with a remaining term of more than 12 months)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed Abode Mortgage Corporation brand mortgage product similar to yours having a term similar to the remaining term of this mortgage.

- Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met, including any requirements of the mortgage insurer, if applicable.
- You will be responsible for paying all applicable processing or administration fees, mortgage insurance premiums, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

17 Expropriation

If your entire property is expropriated, the loan amount will immediately become due and payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in this charge.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our sole discretion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

18 Hazardous or Illegal Substances, Environmental Regulations and Illegal Activities

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will in contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and there will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or other mortgage insurer approved by us from time to time, the mortgage insurer or its agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the cost of any testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and there will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we or the mortgage insurer enforce our rights under this section, we or the mortgage insurer will not be considered to have taken possession, management or control of your property. This also applies to our agents and the agents of the mortgage insurer.

19. Leasing or Renting Your Property to Another Person

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree not to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease of all or any part of your property. Any leasing by you will be made in accordance with the requirements of applicable laws, including, without limitation, the *Residential Tenancies Act* (Ontario) and you will, at our request and at your sole expense, from time to time provide us with evidence of such compliance.

If your property is a rental property, we must consent to any rental thereof. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made or amended, and before the renewal of any existing leases, whether such leases exist now or hereafter (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provides for obtaining estoppel certificates or tenant acknowledgements from tenants and or that the assignment includes specific assignments of leases. (An estoppel certificate or tenant acknowledgement is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease);

- give us security on fixtures, equipment and other movable property or chattels as we may reasonably require;
- you must pay all of our expenses related to the additional security which may include legal fees and registration costs;
- if you are not meeting one or more of your obligations under this charge and you rent out all or any part or parts of your property without our prior written approval, you acknowledge that you will be deemed to have done this to discourage us from taking possession of your property should the need arise;
- if you are not meeting one or more of your obligations under this charge and you rent out all or any part or parts of your property without our prior written approval, you will also be considered to have done this to adversely affect the value of our interest in your property; and
- if you do not meet one or more of these obligations related to leasing all or any part or parts of your property, or if one or more of the certifications you made to us related to leasing your property is not true, then we may, in our sole discretion, require you to pay the balance loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from such tenant. You agree that these payments will be a cost of enforcing our security, and that same will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

Notwithstanding anything contained herein, we are not obligated to collect any rent or income from your property nor are we obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

20. Defaults

A default occurs under this charge if:

- you break any of the chargor's promises, obligations and/or agreements contained in this charge;
- you break any promise or agreement which you have made to the chargee in a charge of any other land or other property or in any other agreement you have made with us even though you may not have broken any of the chargor's promises, obligations and/or agreements;
- you do not pay any instalment payment on the instalment payment date;
- you or any covenantor commits an act of bankruptcy, a petition is filed or an assignment is made under any present or future bankruptcy, insolvency or creditor's rights legislation against you or a covenantor, or a receiver or receiver-manager of you or any covenantor is appointed or a proposal is made to the creditors of you or any covenantor under any such bankruptcy, insolvency or creditor's rights legislation or you or any covenantor is wound up, dissolved or liquidated or resolves to do so;
- you sell or agree to sell all or any part of the land or if you lease it or any part of it without our prior written consent;
- you give another charge of the land or other lien to someone other than us without our prior written consent;
- the borrower breaks any promise or agreement which the borrower has made to any other chargee in a prior lien registered against the land, even though the borrower may not have broken any of the promises or agreements in this charge;

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- you do not discharge any judgment registered in the land titles office against the land or your leasehold interest (as the case may be) within 30 days after receiving notice of its registration;

- you allow any construction lien to remain undischarged on title to the land for more than 30 days unless you: (i) diligently dispute the validity of the claim by taking all necessary legal steps to do so, (ii) give reasonable security to us to pay the claim in full if it is found to be valid, and (iii) authorize us to use such security to pay said lien in full;

- you allow the land to deteriorate so as to reduce the value of the land;

- we discover that any information supplied to us in connection with your application for charge financing or in response to conditions set out in our offer to provide charge financing is false or misleading in any material way;

- the land is abandoned or is left unoccupied for 30 or more consecutive days;

- the land or any part of it is sold or expropriated;

- we consider, at our sole discretion, that our security or this charge is materially impaired; and/or

- where the borrower's interest in the land is a leasehold interest, the borrower breaks any of the borrower's promises and agreements under the lease that has created such leasehold interest.

- If a default occurs under this charge, it will have the same effect as though a default had occurred under any other charge or agreement between you and us.

21. Consequences of a Default

If a default occurs, all the charge money then owing to us will be, if we choose, due and payable, including without limitation, all of our fees, costs and expenses.

If a cheque is returned by your bank on which a payment to be applied to this charge is drawn, we have the right to collect from you all fees, expenses and costs incurred to compensate us for the returned cheque.

If a default occurs, we may, in our sole discretion and in any order that we choose, do any one or more of the following:

- demand payment of all the charge money;

- file an action against you for any amount of money due to us;

- take proceedings and any other legal steps to compel you to keep your promises, obligations and agreements made to us;

- enter upon and take possession of the land;

- if you default in making any payment for 15 days, we can, on 35 days' written notice, enter on your property and

    - take possession of it,

    - sell all or part of your property (for cash or non credit, or partly for cash and partly on credit) by private sale or by public auction on such terms and for such price as can be obtained,

    - lease it on such terms and for whatever period as we decide in our sole discretion,

    - take any other remedy as may be available to us under applicable laws;

- exercise the rights set out in this charge without entering into possession of the land;

- apply for an order that the land be sold on terms approved by the court;

- apply to the court to commence foreclosure proceedings to foreclose your interest in the land so that when the court makes its final order of foreclosure, your interest in the land will be absolutely vested in, and belong to, us;

- appoint a receiver of the land;

- enter upon and take possession of the land without the permission of anyone and make any arrangements we consider necessary to:

  - inspect, lease, collect rents or manage the land;

  - complete the construction of any building on the land;

  - repair any building on the land; or

  - take whatever action is necessary to take, recover and keep possession of the land.

Nothing in this charge affects the jurisdiction of the Courts and applicable laws.

If we sell the land by public auction or by private sale, we will use the amount received from the sale to pay:

- any real estate agent's commission;

- all adjustments usually made on the sale of land;

- all of our fees, expenses and costs described in this charge, including, without limitation, all of or our legal fees;

- the charge money;

- any surplus according to an order of the Courts if the land is sold by an order of the Courts; or

- to you, if the land is sold other than by an order of the Courts.

If the money available to pay the charge money after payment of the commission, adjustments and expenses is not sufficient to pay all the charge money, you will pay to us, on demand, the amount of such deficiency.

You will pay to us, on demand, all fees, expenses and costs incurred by us in enforcing this charge. These expenses and costs include, with limitation, our cost of taking and keeping possession of the land, the cost of the time and our services or services of our employees for so doing, our legal fees and disbursements on a fully indemnity basis, unless the court allows or requires legal fees and disbursements be paid on a different basis, and all other costs and expenses incurred by us to protect our interest under this charge. All such fees, expenses and costs will be added to the principal amount, be payable on demand and bear interest until they are fully paid.

If we obtain judgment against you as a result of a default, the remedies described in this charge may continue to be used by us to compel you to perform the chargor's promises and agreements. We will continue to be entitled to receive interest on the charge money until the judgment is paid in full.

If we do not exercise any of our rights on the happening of a default or do not ask you to cure it, you hereby acknowledge that we are not prevented from later compelling you to cure such default or exercising any such right in connection with such default or any later default of the same or any other kind.

Upon default of payment of any principal monies hereby secured at the time or times herein provided, we shall be entitled to require, in addition to all monies payable in accordance with this charge, a bonus equal to three months' interest in advance on the said principal monies and you shall not be entitled to require a discharge of this charge without such payment. Nothing herein contained shall effect or limit our right to recover by action or otherwise the charge money so in arrears after default has been made.

22. Construction of Buildings or Improvements

You will not construct, alter or add to any buildings or improvements on the land without our prior written consent, and then only in accordance with accepted construction standards, applicable laws and only pursuant to plans and specifications approved by us in writing prior to the commencement of the construction of any such improvements or buildings. You must withhold all required builders' lien holdbacks and you must also comply with all applicable laws, including without limitation, your obligations under the *Construction Lien Act* (Ontario).

If this charge is intended to finance any construction, alteration or addition, we may make advances of the principal amount to you based on the progress of such construction. We will decide whether or not any advances will be made, the amount of the advances, and when they will be made in our sole discretion.

23. Leasehold Charge

This section applies if your property is or includes a leasehold interest. You represent to us that:

- the lease is owned by you subject only to those liens that are registered in the land titles office at the time you signed the registered document;
- your lease is in good standing;
- you have complied with all the chargor's promises and agreements contained in your lease;
- you have paid all rent that is due and payable under your lease;
- your lease is not in default; and
- you have the right to charge your lease to us.

You will:

- comply with the terms of your lease and not do anything that would cause your lease to be terminated;
- immediately give to us a copy of any notice or request received from the landlord;
- immediately notify us if the landlord advises you of the landlord's intention to terminate your lease before the term expires; and
- sign any other document we require to ensure that any greater interest in the land that is acquired by you is charged by this charge.

Any default under your lease is a default under this charge.

You promise to us that you will not, without first obtaining our written consent:

- surrender or terminate your lease; or
- agree to change the terms of your lease.

We may perform any promise or agreement of you under your lease.

Nothing done by us under this section will make us a mortgagee or chargee in possession.

24. Receiver

You appoint both us and any agent we may retain as your attorney to appoint a receiver of the land. We or our agent may, if any default happens, appoint a receiver of the land and the receiver:

- will be your agent and you will be solely responsible for the receiver's acts or omissions;
- has power, either in your name or in our name, to demand, recover and receive income from the land and start and carry on any action or court proceeding to collect that income;
- may give receipts for income which the receiver receives;
- may carry on any business which you conducted on the land;
- may lease or sublease the land or any part of the land on terms and conditions that the receiver chooses;
- may complete the construction of or the repair of any building or improvement on the land;
- may take possession of all or part of the land;
- may manage the land and maintain it in good condition;
- has the power to perform, in whole or in part, the chargor's promises and agreements; and
- has the power to do anything that, in the receiver's opinion, will maintain and preserve the land or will increase or preserve the value or income potential of the land or your business on the land.

From income received, the receiver may do any of the following in any order the receiver chooses:

- retain a commission of five percent of the gross income or any higher commission approved by a Court;
- retain enough money to pay or recover the cost to collect the income and to cover other disbursements payable in respect of the land;
- pay all taxes and the cost of maintaining the land in good repair, completing the construction of any building or improvement on the land, supplying goods, utilities and services to the land and taking steps to preserve the land from damage by weather, vandalism or any other cause;
- pay any money that might, if not paid, result in a default under any lien having priority over this charge or that might result in the sale of the land if not paid;
- pay taxes in connection with anything the receiver is entitled to do under this charge;
- pay interest to us that is due and payable;
- pay all or part of the charge money to us whether or not it is due and payable;
- pay any other money owed by you under this charge; and
- pay any insurance premium.

The receiver may borrow money for the purpose of doing anything the receiver is authorized to do.

Any money borrowed by the receiver, and any interest charged on that money and all the costs of borrowing, will be added to and be part of the charge money.

A receiver appointed by us may be removed by us and we may appoint another in the receiver's place. The commission and disbursements of the receiver will be a lien on the land and will bear interest at the interest rate. Nothing done by the receiver under this section will make us a chargee in possession.

25. Assignment

You agree we may sell, transfer and assign all or any part of our rights and obligations under this charge to any other third party or issue securities backed by this charge. You also agree that we may disclose any information relating to this charge, or your application for credit including any financial information contained in support of the application or contained in this charge, to a proposed purchaser or our assignee or a trustee of a securitization and that we, or our agent, may obtain a credit report on you in connection with these transactions.

26. Condominium Provisions

This section applies if the land described in the registered document is or becomes a condominium unit created under the *Condominium Act* (Ontario).

You promise to us that:

- you will fulfil all your obligations as a condominium unit owner under the Condominium Act and the declaration, bylaws, rules and regulations of the condominium corporation applicable to the condominium unit of which you are an owner (the "condominium corporation") and will pay all money owed by you to the condominium corporation;
- your breach of any of your obligations as a condominium unit owner will constitute a breach of your obligations under this charge;
- you have the right to exercise your rights as a condominium unit owner, to vote or to consent in all matters relating to the condominium corporation, provided that
  - we may, at any time or from time to time, give written notice to you and to the condominium corporation that we intend to exercise our right to vote or to consent and in that event, until we revoke our notice, you may not exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter, and
  - our exercising of the right to vote or to consent will not make us a chargee in possession;
- at our request, you will give us copies of all notices, financial statements, proof of payment of common expenses, and other documents given by the condominium corporation to you;
- you will insure all improvements to your condominium unit, and should the condominium corporation fail to insure the land as required, you will insure common and other interests in the land or assets of the condominium corporation;
- on the happening of any loss or damage, you or the condominium corporation, or both shall comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the foregoing, your obligation to observe and perform all of the duties and obligations imposed on you by the Condominium Act (Ontario) and the declaration and bylaws of the condominium corporation;
- you appoint us to be your agent to inspect or to obtain copies of any records or other documents of the condominium corporation that you are entitled to inspect or to obtain;
- if the condominium corporation transfers, charges or adds to the common property, or amends the bylaws without our consent, and if, in our opinion, the value of the land is reduced, the charge money will be, at our option, due and payable to us on demand, and
- in the event that you sell, transfer, assign or convey any parking unit(s) and/or storage(s) units encumbered by this charge while retaining title to (or ownership of) the dwelling unit encumbered by this charge, or in the event that you sell, transfer, assign or convey the aforementioned parking unit(s) and/or storage unit(s) as well as the said dwelling unit but to different purchasers, transferees or assignees, then in any such case, the total outstanding principal and interest indebtedness secured by this charge shall become due and payable.

27. Subdivision

If the land is subdivided:

- this charge will charge each subdivided lot as security for payment of all the charge money; and
- we are not required to discharge this charge as a lien on any of the subdivided lots unless all the charge money is paid.

Even though we are not required to discharge any subdivided lot from this charge, we may agree to do so in return for payment of all or a part of the charge money. If we discharge a subdivided lot, this charge will continue to charge the subdivided lot or lots that have not been discharged.

Notwithstanding foregoing the land and this charge shall at all times comply with the provisions of the *Planning Act* (Ontario).

28. Covenantor's Promises and Agreements

Each covenantor, in consideration of us making the loan to you intended to be secured by this charge, by signing this charge:

- agrees to be liable with you as principal debtor and not as surety for the due payment of the charge money, at the times and in the manner provided for in this charge;
- unconditionally guarantees full performance and discharge by you of all of the obligations of you under this charge at the times and in the manner provided for in this charge;
- will indemnify and save us harmless from and against all losses, damages, costs and expenses which we may sustain, incur or be or become liable for in respect of the loan secured by this charge, including, without limitation:
- your failure, for any reason, to pay the charge money or to do any other act, matter or thing pursuant to the provisions of this charge, and
- any act, action or proceeding of or by us for or in connection with the recovery of the charge money or any part thereof or obtaining of performance by you or any other person of any other act, matter or thing pursuant to the provisions of this charge,
- all legal costs incurred by the chargee in enforcing this covenant, on full indemnity basis,
- agrees that we may, at our sole discretion, at any time and without notice to, or consent or concurrence by any covenantor, renew this charge on the same or different terms, make any settlement, compromise, composition, extension, alteration or variation in the terms of this charge, including any increase in the interest rate or principal amount secured by this charge, or take, release or surrender any security, or otherwise deal with you and that no such dealing by you nor any carelessness or neglect by us in asserting our rights nor any other thing whatsoever, including, without in any way limiting the generality of the foregoing, failure to register or perfect any security, the loss by operation of law of any our rights against you or any other person or the loss or destruction of any security nor any dissolution, winding up, receivership, insolvency of you or any other guarantor or person in any way releases or diminishes the liability of the covenantor under this charge; and
- agrees that we will not be obliged to proceed against you or any other person or to enforce or exhaust any security before proceeding to enforce the obligations of any covenantor set out in this charge, and that enforcement of those obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of you or the enforcement of any security for that debt or obligation; and agrees with us to be jointly and severally liable under this charge with you and all other covenantors.

Each covenantor's obligations will be binding upon the covenantor's heirs, executors administrators, successors and assigns.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200819 ___ Date

29. Current and Running Account

If this charge states that this charge secures a current or running account we may, on one or more occasions, advance and re-advance all or part of the principal amount, and this charge:

- will be security for payment of the principal amount as advanced and re-advanced and for all money payable to us under this charge;
- will not be considered to have been redeemed only because:
- the advances and re-advances made to you have been repaid; or
    - your accounts with us cease to be in debit; and
- remains effective security for further advances and re-advances until you have received a discharge of this charge.

30. Use and Collection of Personal Information and Privacy

Collecting your personal information. You agree that we may from time to time collect financial and other information about you such as:

- information establishing your identity (for example, name, address, phone number, date of birth, etc.) and your personal background;
- information related to transactions arising from your relationship with and through us, and from other financial institutions;
- information you provide on an application for any of our products and services;
- information for the provision of products and services; and
- information about financial behaviour such as your payment history and credit worthiness.

We may collect and confirm this information during the course of our relationship. We may obtain this information from a variety of sources, including from you, from service arrangements you make with or through us, from credit reporting agencies and other financial institutions, from registries, from references you provide to us and from other sources, as we deem appropriate.

You acknowledge receipt of notice that, from time to time, reports about you may be obtained by us from credit reporting agencies.

Using your personal information. You hereby acknowledge and agree that this information may be used from time to time for the following purposes:

- to verify your identity and investigate your personal background;
- to provide you with products and services you may request;
- to better understand your financial situation;
- to determine your eligibility for products and services we offer;
- to help us better understand the current and future needs of our customers;
- to communicate to you any benefit, feature and other information about products and services you have with us;
- to help us better manage our business and relationship with you; and
- to maintain the accuracy and integrity of information held by a credit reporting agency, and as required or permitted by law.

For these purposes, you hereby acknowledge and agree that we may:

- make this information available to our employees, agents and service providers, who are required to maintain the confidentiality of this information;
- share this information with other financial institutions; and
- give credit, financial and other related information to credit reporting agencies who may share it with others.

Upon your request, we may provide this information to other persons.

We may also use this information and share it with other companies affiliated or associated with us, to manage our risks and operations and those of the other companies affiliated or associated with us, to comply with valid requests for information about you from our regulators and other persons who have a right to issue such requests, and, to let other companies affiliated or associated with us know your choices under "other uses of your personal information" for the sole purpose of honouring your choices.

If we have knowledge of your social insurance number, we may use it for tax related purposes if you hold a product generating income and may share such knowledge with the appropriate government agencies, and we may also share it with credit reporting agencies as an aid to identify you in our dealings with such agencies.

Other uses of your personal information

- We may use this information to promote our products and services, and promote products and services of third parties we select, which may be of interest to you.
- We may also, where not prohibited by law, share this information with other companies affiliated or associated with us for the purpose of referring you to them or promoting to you products and services which may be of interest to you as determined by us. You acknowledge that, as a result of such sharing of information, those companies may advise us of those products or services provided to you.
- If you also deal with other companies affiliated or associated with us, we may, where not prohibited by applicable laws, consolidate this information with information those other companies have about you to allow us and/or any of them to manage your relationship with companies affiliated or associated with us and our business.

You may choose not to have this information shared or used for any of these other uses by contacting us as set out below, and in this event, you will not be refused credit or other services just for such reason. We will respect your choices in this regard and, as mentioned above, your choices will be communicated to other companies affiliated or associated with us.

You may obtain access to the information we hold about you at any time and review its content and accuracy, and have it amended as may be appropriate. However, access to such records and information may be restricted as permitted or required by applicable laws. To request access to such information, to ask questions about our privacy policies or to request that the information not be used for any or all of the purposes outlined in "other uses of your personal information" you may do so now or at any time in the future by contacting us toll free at 1-800-64-ABODE or by visiting our website as set out below.

You may obtain more information about our privacy policies by calling us at the toll free number shown above or by visiting our web at www.abodecorp.com.

31. You Agree to the Following

You covenant and agree:

- to at all times have good and valid title in fee simple to the land or a good and/or a valid leasehold interest in the land, as the case may be, free of all liens, encumbrances and claims other than those expressly permitted in writing by us;
- to comply with all terms and conditions of any lien that ranks ahead of this charge;
- to keep all buildings and improvements which form part of the land in good condition and to

repair them as we reasonably require and to ensure that all buildings and improvements are kept in a condition that will not impair or devalue this charge and the security for the payment of the charge money;

- to sign any other document that we reasonably require to ensure that payment of the charge money is secured by this charge or by any other document you have agreed to give us as security for repayment of the charge money;
- not to do anything that has the effect of reducing the value of the land;
- not to tear down any building, or part of a building which forms part of the land without our written consent;
- not to make any material alteration or improvement to any building which forms part of the land without our written consent. For greater clarity, any alteration or improvement, the cost of which is equal to, or greater than, five percent (5%) of the greater of:
  - the original principal amount; and
  - the principal amount as at the month before the subject alteration or improvement is to commence;

  shall be deemed to be a material alteration or improvement;
- all alterations or improvement to any building which forms part of the land shall be performed in accordance with applicable laws;
- in the event you have leased the land, and if required by us in our sole discretion:
- to keep, records of all rents received and of all expenses paid by you in connection with such tenancy; and
- at least annually, deliver to us a statement of revenue and expenses related to the land prepared by a professional accountant selected by us acting reasonably;
- to pay all taxes as they become due and to send to us at the place of payment, or at any other place we require, all notices of taxes which you receive;
- to pay all utility and fuel charges related to the land when they become due;
- to not allow the supply of utilities or fuel to be interrupted or discontinued, and that if the supply of utilities or fuel is interrupted for any reason, to ensure that it is restored immediately;
- to pay all of our administrative fees, which we charge from time to time, and all of our expenses and costs, including legal fees on full indemnity basis, including, and without limiting the foregoing, all fees, expenses and costs to:
  - prepare and register this charge, including all necessary steps to advance and secure the charge money and to report to us;
  - collect the charge money;
  - enforce the terms of this charge, including efforts to compel you to perform the chargor's promises and agreements;
  - do anything which you have promised to do but have not done;
  - prepare and register any amendment to this charge; and
  - prepare and deliver to you a discharge of this charge when all money due under this charge has been paid and you have requested a discharge of this charge:
- to pay any money which, if not paid, would result in a default under any lien having priority over this charge or which might result in the sale of the land if not paid.
- to pay and cause to be discharged any lien which is not permitted by us under this charge;

- to insure and keep insured against the risk of fire and other risks and hazards that we ask you to insure against, with an insurance company licensed to do business in Ontario, and which company we approve, all buildings and improvements on the land to their full insurable value on a replacement cost basis and to pay all insurance premiums when same becomes due;

- to send a copy of each insurance policy and renewal certificate to us at the lender mailing address.

- surrender any statutory right to require the insurance proceeds to be applied in any particular manner;

- acknowledge and covenant that you own the land or, in the event your interest in the land is a leasehold interest, you have a valid and existing leasehold interest in the land, and that you have the right to charge the land or leasehold interest to us;

- covenant that your title to the land is subject only to those liens that are expressly permitted by us in writing, and any unregistered liens that we have agreed to in writing. You have not given any other charge or encumbrance against your interest in the land, and have no knowledge of any other claim against the land or your leasehold interest as the case may be, to which we have not consented; and you will not use the land or permit it to be used, without our prior written consent, for purposes other than those disclosed to us in the application for the charge loan; and

- agree that if you fail to perform any obligation under this charge, we may, in our absolute discretion, perform that obligation or retain agents to do so on your behalf. If the performance of said obligation requires the payment of money or if the land is at any time subject to any lien, we may make payments and pay or arrange to discharge encumbrances, but are under no obligation to do so. You will pay forthwith on demand to us all amounts paid by us in connection with the performance by us of your obligations hereunder and all our fees, costs and expenses of every kind, together with interest from the date of payment by us at the greater of the interest rate or the annual prime rate as quoted by Royal Bank of Canada plus three percent per annum, calculated daily, until all such amounts are paid in full. All such amounts outstanding will be secured by this charge. No performance or payment by us relieves you from any default under this charge or any consequences of that default. If, in our sole discretion, we make any payment or perform any obligation on your behalf, we are entitled to all rights, equities and securities of the person paid or satisfied and we are entitled to rely upon any statement given by such person as to the amount due to him/her/it.

The insurance policy or policies required under this charge shall contain a charge clause approved by us that states that payment of any loss will be made to us at the place of payment or any other place we require and, if this charge is not a first charge against the land, the amount of any payment made by the insurance company will be paid to your chargees in the order of their priorities. You will, forthwith upon the happening of any loss or damage, furnish at your expense all necessary proofs and do all acts necessary to enable us to obtain payment of the proceeds of the insurance policies required hereunder. Any insurance monies received by us may, at our sole discretion, be applied in whole or in part to: (i) repairing or rebuilding the land, (ii) the payment of all or any part of the charge money, whether or not then due or payable; and/or (iii) payment to you.

32. We and You Agree to the Following

We may, at our discretion, allow you to pay all taxes applicable to your property when they are due or we may, at our option, elect to pay taxes in which case the following will apply:

- We will pay the total amount of taxes on or before the due date for such taxes, or if taxes are payable in instalments, on or before the due date for payment of the first instalment. Funds accumulate in your property tax savings account (a "tax account") and are used to pay your annual property taxes. We pay the tax bill for your property regardless of the balance in your tax account. This means that at some point during the year your tax account may have a surplus and at other times a shortfall.

  A surplus is money accumulated in your tax account. As with a bank chequing/savings account a surplus in your account will be credited with interest as set out below.

A shortfall in your tax account happens if there was not enough money in the tax account when property taxes were paid. This money needs to be reimbursed to us for taxes paid on your behalf. If there is a shortfall in your tax account, you are charged an interest rate equivalent to the interest rate. We take the outstanding amount into account when calculating your new tax portion for the upcoming tax year. You may reduce the shortfall in your tax account by making a lump sum payment into the tax account, or a series of payments over time. If the new tax portion is not manageable, you can extend the repayment of the shortfall over more than one year. For information purposes, we calculate the tax portion with the aim to have enough in your tax account to pay your taxes by the first due date of the tax bill. The bill may be split into more than one instalment, but we pay the full amount of each bill by the first instalment payment due date. Some municipalities bill once a year while others bill in multiple instalments. We determine the amount we need to collect to pay such taxes by looking at your current year's taxes, and any shortfall in your tax account, or amounts still owing to the municipality in respect of taxes. We divide the total amount needed by the total number of instalment payments that will be collected prior to the due date for such taxes. The calculation will depend on whether or not any taxes have been paid for that year, and also when we start to pay your taxes. In some cases, the tax portion required will be an unusually large amount. In these cases, we at our sole discretion, may spread the collection of the required amount over an extra year.

After we pay final taxes each year, we will review the tax bill issued by the applicable municipality to ensure we are collecting the necessary amount. We will send you a property tax statement to show the status of your tax account and advise of any charges to the instalment payments including when any change shall take effect and any increase(s) to instalment payments due to increases in taxes.

- We may deduct from the final advance of the principal amount, an amount sufficient to pay taxes which are due or will become due by the interest adjustment date.
- We may, at our option, if we have not received sufficient money to pay taxes as they become due, disburse monies to pay taxes and such monies are secured by this charge.
- You will pay to us in instalments, together with the instalment payment shown on the registered document, commencing on the first payment date, an amount which we estimate to be needed to enable us to pay taxes as set out in this section.
- You will pay to us on demand, the amount, if any, by which actual taxes exceed our estimates.
- We will, using the balance in the tax account on the date we calculate the interest and principal portion of any instalment payment allow to you interest on balances in your favour, at a rate of interest which we may determine from time to time, and which rate of interest will never be less than the prevailing rate of interest allowed by the chartered banks on personal savings accounts with chequing privileges, and charge to you interest on balances in our favour, at the interest rate shown on the registered document; allowances or charges will not be made less frequently than once each year.
- We will apply amounts received from you for taxes, to pay taxes, as long as you are not in default under this charge. We may, at our option, discontinue paying taxes and require you to pay all taxes when they are due. If you are in default under this charge, we may apply any balance in your favour, in any manner we think reasonable.
- You will forward to us, immediately upon receipt, the assessment notices, tax bills and other notices affecting the land and your property. Any penalties which are levied against the land and your property because of late payment of taxes are your responsibility, unless neglect on our part is the sole reason for any such penalty or penalties.
- You are responsible for applying for all government grants, assistance and rebates in respect of taxes; and
- You will provide us with the receipt of taxes of the municipality in which the land is located, within 30 days from the date of final payment for that year. Failure to provide the required receipt will entitle us to obtain evidence of payment from the municipality and any costs incurred as a consequence of such action are payable by you and are secured by this charge.

By this charge, you grant and charge any additional or greater interest in the land that you may later acquire.

Any money paid to us under this charge will, prior to a default, be applied first in payment of taxes and any insurance premium, if applicable, secondly in payment of interest, thirdly in payment of the principal amount and fourthly in payment of all other money owed by you under this charge, and after a default, be applied in any manner we choose.

At any reasonable time we may inspect the land and any buildings and improvements which form part thereof.

If we take possession of the land, we will not be responsible for maintaining and preserving the land and need only account to you for any money which you actually receive in connection with this charge or the land.

We may spend money to perform any of the chargor's promises, obligations and agreements which have not been performed and any money so spent will be added to the principal amount, bear interest from the date that the money was so spent at the interest rate, and be immediately due and payable by you to us.

If you want to give any notice to us, you must do so by having it delivered to us personally or by sending it by registered or certified mail to the lender mailing address or to any other address later specified in writing by us to you.

If we want to give any notice to you, we must do so by having it delivered to you personally or by sending it by registered or certified mail to the borrower mailing address or such other address later specified in writing by you to us by a notice sent by registered or certified mail to us with such change not taking effect until fifteen (15) business days after receipt by us of your notice confirming a change in the borrower mailing address.

Any notice sent by mail is considered to have been received five days after it is mailed. Any notice to be given by you to us or vice versa during a mail strike or disruption must be delivered in person or by courier, at the expense of the sender, rather than sent by mail.

You and all other covenantors are not released from the chargor's promises and agreements only because you sell or convey your property.

If you have charged anything else to us to better secure payment of the charge money, we may take all lawful proceedings under any such security in any order that we choose.

We do not have to advance or re-advance the principal amount or the rest or any further part of the principal amount to you unless we want to, even though:

- you have signed this charge;
- this charge is registered in the land titles office; or
- we have advanced to you part of the principal amount.
- we may deduct from any advance of the principal amount:
- the value of any liens against the land regardless of whether such liens are registered on title to the lands;
- any reasonable fees, charges or expenses incurred in inspecting or in evaluating your property;
- any discounts or bonuses on which you and we mutually agree in writing; and
- any insurance premium and applicable taxes.

Our right of consolidation applies to this charge and to any other charges given by you to us. This means that if you have charged other property to us, you will not have the right, after default, to pay off this charge or any charge of other property unless you pay us all amounts owed by you under this charge and any other charge of other property.

At our sole discretion, we may, at any time, release part of the land on payment of all or any part of the charge money.

At our sole discretion, we may, at any time, release, in whole or in part, you or any covenantor from any promise or agreement or other security, either with or without compensation, and we are not accountable for the value related to any release or for any money other than money actually received by us. After any release, the remaining land, promises and agreements and other securities remain charged with the entire charge money secured by this charge and any such release shall have no effect on any party that has not been released.

We may, at our sole discretion, allow you to change the instalment payment frequency shown in the registered document by selecting a payment frequency that we are offering at the date of your selection, in which case the following will apply:

- if the instalment payment frequency selected is weekly or bi-weekly, then the instalment payment day must be one of Monday, Tuesday, Wednesday, Thursday or Friday of a given week;
- the maximum amortization period allowable is the remainder in equivalent monthly amortization period, at the effective date of any such change;
- should default occur, we may, at our sole discretion, terminate your privilege of using an instalment payment frequency other than monthly;
- interest required to establish a revised instalment payment date resulting from an instalment payment frequency change, whether initiated by you or by us, is payable by you on or prior to the effective date of any such change; and

At our sole discretion, we may charge an administration fee to change the instalment payment frequency if you request the change at a time other than at the origination or renewal of this charge or at the date you purchase the land.

You understand, acknowledge and agree that your acceptance of our offer to provide mortgage financing is a separate binding agreement and that such agreement is not and will not become part of this charge.

You understand, acknowledge and agree that:

- if you sell, convey or transfer any part or parts or the entirety of the land, and
- if a purchaser of the entirety or any part or parts of the land fails to apply for and receive our written approval of such sale, conveyance or transfer of the land and assumption of the loan evidenced by this charge prior to the conveyance or transfer of the land by you to such purchaser,
- then the charge money will become due and payable immediately, together with any fees, charges and expenses, including any interest rate differential as provided herein.

33. General

This charge binds you and any covenantors and the heirs, executors, administrators, successors and assigns of you and the covenantor.

Each person who signs this charge as a chargor is jointly and severally liable for all of the chargor's promises and agreements as though each such chargor had been the only chargor to sign.

If any part of this charge is not enforceable, all other parts will remain in effect and be enforceable against you and any covenantor.

Notwithstanding the registration of this charge and the advance of funds pursuant to this charge, the terms and/or conditions of any letter of commitment pertaining to the loan transaction evidenced by this charge will remain binding and effective on the parties hereto and will not merge in this charge nor in any document executed and/or delivered on closing of this transaction, and the terms thereof are incorporated in this charge by reference. In the event of any inconsistency between the terms of any such letter of commitment and this charge, this charge will prevail.

The headings in this charge are provided for ease of reference and do not form part of this charge.

Any agreement in writing between you and us altering the terms of this charge in any way, including altering the payment of the unpaid charge money, the term or the interest rate (whether increased or decreased) need not be registered in any land titles office, but is effectual and binding on the land and upon you, us and upon any subsequent chargee, encumbrancer and transferee of the land, or any part thereof, or other person claiming an interest in the land, as if the agreement had been registered prior to their obtaining any interest in the land. This charge will be effective whether or not the whole or any portion of the principal amount is advanced before, after or on the date of execution of this charge. This charge secures the charge money and any portion of the principal amount may be advanced or re-advanced by us in one or more sums on any future dates and the amount of those advances and re-advances when made will be secured by this charge and be repayable with interest. If the whole or any part of the principal amount or other amount secured hereby is repaid, before we have executed and delivered to you a registerable discharge of this charge, this charge remains valid security for any subsequent advance or re-advance by us to you to the same extent as if that advance or re-advance had been made on the date of execution of this charge. Nothing in this section obliges us to make a further advance or re-advance.

34. Securitization

We may, at our option, sell, assign or encumber this charge to one or more third party(ies) without notice to you, any covenantor or any spouse signing this charge and without requiring the consent of any such party or parties. If we do so, you agree that this charge shall continue to secure all amounts owing under this charge. Once sold or assigned, this charge may be repurchased by us, whether or not it is in default. You and each covenantor and spouse executing this charge hereby authorize and consent to us or any other person having an interest in this charge from time to time and their or our respective agents and advisors including any party retained to service this charge, releasing, disclosing and assigning any personal or other information (including financial information) with respect to you, any covenantor and your spouse, this charge and your property, regardless of the scope of distribution and to any such other person as may be required to complete, administer, realize, assign, securitize or otherwise deal with this charge from time to time.

35. Acknowledgement

All covenantors hereby acknowledge receipt of a true copy of these standard charge terms. However, failure to obtain such acknowledgement does not affect the applicability of these standard charge terms.

36. Nation Housing Act

All CMHC insured mortgages are made according to the *National Housing Act*.

37. Family Law Act

You covenant and agree to advise us upon any change in the following occurring:

- spousal status of chargor(s);
- qualification of the land as a family residence under the *Family Law Act* (Ontario); and
- legal or beneficial ownership of the land.

The chargor further covenants and agrees to provide chargee with particulars as may be required in the chargee's sole discretion to be informed of those persons who may have the right of possession to the lands under the *Family Law Act* (Ontario).

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38 Ontario New Home Warranties Plan Act

To the extent the *New Home Warranties Plan Act* (Ontario) applies to the lands, you agree to comply with all of its requirements and to reimburse us for any costs we incur in complying or enforcing your rights on your behalf if you fail to do so and we, in our sole discretion, deem such action necessary.

39 Governing Law

The charge and any matter arising from it, is governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

ABODE MORTGAGE FUNDING CORP.

By: PMulek

Name: PAMELLA MULEK
Title: Chief Operating Officer

By:

Name: Bill Bowi
Title: Chief Financial Officer

I/We have the authority to bind the Corporation.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200815 Cote
Filing Date August 1st 2008 Date de Dépôt
Page 1 of/de 32 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Standard Charge Terms
Land Registration Reform Act

Filed By:	CIBC Mortgages Inc.
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200815 Cote

1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean CIBC Mortgages Inc.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage. It is one payment period before the first regular payment date.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property. You agree to make all payments required by this mortgage in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts. You agree not to cancel, offset or reduce any payments that you have made or that you are required to make.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation and other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 Building mortgage

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the *Construction Lien Act* are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 Making material changes

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 CIBC AeroMortgage®

If you have a CIBC AeroMortgage, the following conditions apply to Aeroplan® Miles related to your mortgage:

- Only one Aeroplan account is eligible for Aeroplan Miles on your mortgage.
- You must designate a planholder who has reached the age of majority in the province where they reside.
- The planholder's account number provided by you (or assigned by Aeroplan LP) will be credited with Aeroplan Miles, according to the terms and conditions in this section.
- If the mortgage is in good standing and payments are up to date, we will credit the planholder's account with Aeroplan Miles on the interest portion of the regular payment paid by you. Aeroplan Miles will not be awarded on amounts paid by anyone other than you, including, without limitation, payments made by others (such as employers) under subsidized mortgages or group plans. We alone determine the actual number of points to be credited to the planholder.
- If the mortgage is not up to date, we will stop crediting Aeroplan Miles. We will credit any accrued Aeroplan Miles when payments are brought up to date.
- The planholder alone will be responsible for any tax obligations, including any tax reporting obligations that result from receiving or redeeming Aeroplan Miles.
- Except as stated below, the designation of a planholder cannot be changed during the term of the mortgage or during the period of any renewal. The designated planholder can only be changed at the time of conversion or renewal, or when the mortgage has reached maturity.
- If this mortgage is assumed by another person, or if title to your property is transferred, we will continue to credit Aeroplan Miles to the designated planholder until a new planholder is designated in writing by everyone who signed the mortgage. We will start crediting Aeroplan Miles to the new planholder on the first payment date after we have received a change in designation that is agreed to by everyone who signed the mortgage.

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- Aeroplan Miles that you accumulate on your mortgage have no monetary value and can only be redeemed according to the rules established by Aeroplan LP. Aeroplan Miles cannot be transferred to another person.
- We have the right to cancel the CIBC AeroMortgage program at any time without notifying you in advance.

3. Interest

3.1 Interest rate

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 Payment frequency

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

3.3 If you have a fixed interest rate mortgage

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

3.4 If you have a variable interest rate mortgage

If you have a variable interest rate mortgage, interest on your loan is calculated daily using a simple interest formula (which is the same as calculated yearly), not in advance. Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate. Interest is calculated by multiplying the outstanding principal amount by the current mortgage rate in effect at the time. The result is then divided by 365 and then multiplied by the number of days in the payment period during which the then current mortgage rate was in effect. Interest is calculated in this way whether or not it is a leap year. Interest is payable on each regular payment date.

If your mortgage is a CIBC Better Than Prime Mortgage™, the interest rate will be the CIBC Better Than Prime Mortgage Rate of CIBC as shown on the Charge/Mortgage of Land. The CIBC Better Than Prime Mortgage Rate will vary from time to time.

For all other variable interest rate mortgages, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time.

For **all** variable interest rate mortgages, the interest rate will change **automatically** every time there is a change in the CIBC Prime Rate or the CIBC Better Than Prime Mortgage Rate. These changes will occur without you being notified.

You can always find the current CIBC Prime Rate and the current CIBC Better Than Prime Mortgage Rate at any CIBC branch in Canada.

If there is a need to prove the CIBC Prime Rate or the CIBC Better Than Prime Mortgage Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

The amount of interest that has accumulated on your loan amount from one regular payment date to the next that is more than your regular payment is called deferred interest. We will charge you interest on the deferred interest at the current mortgage rate starting on the payment date on which the interest became deferred interest. On the next payment date, interest on the deferred interest will be added to the deferred interest. Once it is added, it becomes part of the deferred interest owing, and interest is charged on it. This will continue until all of the deferred interest is paid. You can find out the amount of any deferred interest owing at any time by contacting us.

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3.5 *Interest on amounts advanced to you before the interest adjustment date*

If this is a fixed rate mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated using the rate and method in effect for your mortgage on the date we advance you the money. You can find out what this rate is by contacting us or any CIBC branch in Canada.

If this is a variable rate mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated daily at your current mortgage rate.

If this is a building mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.6 *Interest on overdue amounts*

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately, both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.7 *Interest adjustment when payment frequency changes*

If you are not in default on your loan, you may change your payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.8 *U.S.A. resident*

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the loan amount

4.1 *Currency and place of payment*

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 *Regular payments*

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 *Bank account for payments*

You must maintain a bank account that is satisfactory to us with a CIBC branch and give us authorization to automatically deduct each payment of principal, interest, taxes and life insurance premiums (if applicable) when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 *Payments on amounts advanced to you before the interest adjustment date*

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 *The effect of variable interest rates on your payments*

(applies ONLY to variable rate mortgages)

If you have a variable rate mortgage, the interest rate on your mortgage may change from time to time. However, your regular payment will stay the same, unless you change your regular payment as allowed by this mortgage.

Section 4.8 below describes how we apply your payments. Your regular payments are applied to interest owing on the outstanding principal amount up to the date of the payment before they are applied to the principal amount. If the interest rate increases, a larger portion of your regular payment will be applied to interest and a smaller portion of your regular payment will be applied to the principal amount. The result will be that you may owe more on the balance due date than was originally stated in the Mortgage Disclosure Statement.

If the interest rate increases to the point that your payment amount no longer covers the interest portion of your regular payments, the amortization period of the mortgage may increase. If this happens, you may be required to increase the amount of your regular payment so that the mortgage will be repaid over the remaining balance of the original amortization period. The rate of interest that will cause this to happen is stated in the Mortgage Disclosure Statement that you signed.

4.6 *Payment on default*

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all overdue amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes and life insurance premiums (if applicable) on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.7 *Demand to repay the total loan amount immediately*

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.8 *How we apply your payments*

We will apply payments we receive from you in the following order:

1. To pay any collection expenses.
2. To pay any life insurance premiums on the mortgage.
3. To bring into good standing any accounts related to the mortgage in which we hold funds for payment to others or from which amounts are debited, including tax accounts.
4. To pay any applicable administration and processing fees.
5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.
6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. The actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have a variable rate mortgage with monthly payment dates. Every month, they pay $557.50. Of this payment, $62.00 is for life insurance premiums and $55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was $87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

Deferred Interest:	$40.00
Collection Expenses:	$45.00

Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

Step 1: Total payment	$557.50
Step 2: Subtract collection expenses	$45.00
Step 3: Subtract life insurance premiums	$62.00
Step 4: Subtract estimated taxes	$55.00
Step 5: Estimate and subtract interest on the principal amount	

Interest on the principal amount can be estimated using the following formula:

$$\text{Principal Amount} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$\$87{,}500.00 \times \frac{4}{100} \times \frac{28}{365}$	$268.49
Step 6: Subtract deferred interest owing	$40.00
Step 7: Estimate and subtract interest on the deferred interest	

Interest on deferred interest can be estimated using the following formula:

$$\text{Deferred Interest} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$\$40.00 \times \frac{4}{100} \times \frac{28}{365}$	$0.12
Step 8: Estimated amount left to be used to reduce the principal amount	$86.89

4.9 *Changing the amount of your regular payment*

(applies ONLY if you have a fixed rate closed mortgage, a 6-month convertible closed mortgage, a CIBC Variable Flex Mortgage™ or a CIBC Better Than Prime Mortgage)

You may increase the amount of your regular payment at any time without paying a prepayment charge. The total of these increases during the term of your mortgage cannot be more than 100% of your original regular payment amount. However, if you have a **CIBC Variable Flex Mortgage**, these payment increases can only be made if the amortization period that results from the increased payment amount is 5 years or more.

You may also decrease the amount of your payment, but only if the amortization period for the mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization period.

To qualify for increasing or decreasing your payments, you must also meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.10 *Prepaying your open mortgage without paying a prepayment charge*

(applies ONLY if you have a fixed rate open mortgage or a variable rate open mortgage)

If this is a **fixed rate open mortgage** or a **variable rate open mortgage,** you may prepay all or any part of the loan amount without paying a prepayment charge. You may prepay the entire loan amount at anytime, but a partial prepayment can only be made on a regular payment date. To qualify, you must meet the following conditions:

- you must have met all your obligations under the mortgage;

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- your property must contain no more than four living units, or be a single residential condominium unit, and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

4.11 Prepaying your closed mortgage without paying a prepayment charge

If you have a **fixed rate closed mortgage,** or a **6-month convertible closed mortgage,** you may, in each calendar year, prepay up to 10% of the original principal amount without paying a prepayment charge. This amount increases to 15% if you have a **CIBC AeroMortgage that is not a CIBC Variable Flex Mortgage** or a **CIBC Better Than Prime Mortgage** and increases to 20% if you have a **CIBC Variable Flex Mortgage, including a CIBC AeroMortgage that is a CIBC Variable Flex Mortgage**. The following conditions apply:

- you may only make a prepayment on a regular payment date;
- you may make more than one prepayment in a calendar year, but the total of all prepayments in any calendar year cannot be more than the 10%, 15% or 20% limit, whichever applies;
- each prepayment must be at least $100.00;
- if you do not use any or all of this privilege in a calendar year, you cannot carry forward any unused portion of the privilege to a future calendar year;
- this privilege of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the calendar year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.12 Prepaying your mortgage with prepayment charges

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay, in addition to the outstanding loan amount owing on the date of prepayment. Interest costs will be calculated at your mortgage interest rate that is in effect on the date the mortgage payout statement is prepared.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying a CIBC Better Than Prime Mortgage

If you have a **CIBC Better Than Prime Mortgage,** you may prepay more than the 15% allowed in a calendar year or prepay all of the outstanding principal amount of your mortgage, but a prepayment charge will apply. This prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 15% allowed in any calendar year and the interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement. You can prepay your mortgage in full at any time before the maturity date.

Prepaying a CIBC Variable Flex Mortgage (including an AeroMortgage that is a CIBC Variable Flex Mortgage).

If you have a **CIBC Variable Flex Mortgage (including an AeroMortgage that is a CIBC Variable Flex Mortgage)**, you may prepay more than the 20% allowed in a calendar year or prepay all of the outstanding principal amount of your mortgage, but a prepayment charge will apply. This prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 20% allowed in any calendar year and the interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement. You can prepay your mortgage in full at any time before the maturity date.

Prepaying a fixed rate closed mortgage or a 6-month convertible closed mortgage

If you have a **fixed rate closed mortgage** or a **6-month convertible closed mortgage,** you may prepay some or all of the outstanding principal amount of your mortgage before maturity. The following conditions will apply:

If you make a **partial** prepayment that is more than what is allowed in section 4.11, the prepayment can only be made on a regular payment date and a prepayment charge will be applied to the amount of your prepayment that is more than what is allowed in section 4.11. If you prepay the **entire** outstanding principal amount, the prepayment can be made at any time before the maturity date and a prepayment charge will be applied to the full amount of the prepayment.

In both cases, this prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage. Also, in both cases, the prepayment charge will be the **higher** amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate; or
- the interest rate differential amount, which is explained below.

If you are making a **partial** prepayment that is more than allowed in section 4.11, the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate.

2. The interest costs on the amount you are prepaying that is subject to a prepayment charge, calculated from the prepayment date to the maturity date of your mortgage at the interest rate posted by us on the date of prepayment for the type of mortgage described in the chart below. Use the chart below to find out what interest rate would apply in your case.

If the length of time between the prepayment date and the maturity date of your mortgage is:	We will use the posted interest rate charged by us on the date of prepayment for a CIBC brand closed mortgage product similar to yours with a term of:
Less than or equal to 12 months	6 months
Greater than 12 months and less than or equal to 18 months	1 year
Greater than 18 months and less than or equal to 30 months	2 years
Greater than 30 months and less than or equal to 42 months	3 years
Greater than 42 months and less than or equal to 54 months	4 years
Greater than 54 months and less than or equal to 78 months	5 years
Greater than 78 months and less than or equal to 102 months	7 years
Greater than 102 months and less than or equal to 120 months	10 years

Note: Any discount you received on your existing annual interest rate includes any program discount you received, such as the CIBC Better Than Posted Mortgage™ Promotional Rate and the CIBC Better Than Posted Mortgage Ongoing Rate.

If you are prepaying the **entire** outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount you are prepaying, calculated from your last scheduled regular payment date that is on or before the date of prepayment, whether or not it was actually paid, to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate, plus any discount you received on your existing annual interest rate.

2. The interest costs on the amount you are prepaying, calculated from your last scheduled regular payment date that is on or before the date of prepayment, whether or not it was actually paid, to the maturity date of your mortgage at the interest rate posted by us on the date we prepare the payout statement for the type of mortgage described in the chart below. Use the chart below to find out what interest rate would apply in your case.

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If the length of time between the Statement Effective Date and the maturity date of your mortgage is:	**We will use the posted interest rate charged by us on the date the mortgage payout statement is prepared for a CIBC brand closed mortgage product similar to yours with a term of:**
Less than or equal to 12 months	6 months
Greater than 12 months and less than or equal to 18 months	1 year
Greater than 18 months and less than or equal to 30 months	2 years
Greater than 30 months and less than or equal to 42 months	3 years
Greater than 42 months and less than or equal to 54 months	4 years
Greater than 54 months and less than or equal to 78 months	5 years
Greater than 78 months and less than or equal to 102 months	7 years
Greater than 102 months and less than or equal to 120 months	10 years

Note: Any discount you received on your existing annual interest rate includes any program discounts you received such as the CIBC Better Than Posted Mortgage Promotional Rate and the CIBC Better Than Posted Mortgage Ongoing Rate.

Here are two examples of how you can estimate prepayment charges. The results in these examples are only estimates. The actual amounts may be higher or lower than the estimates.

Example of how to estimate the prepayment charge for a partial prepayment

Peter has a CIBC Better Than Prime Mortgage. This is a variable rate mortgage. His original principal amount was $150,000.00.

Each year he is allowed to make a 15% prepayment, which is $22,500.00, without any prepayment charges. He has not made a prepayment in the current calendar year.

He wants to make a payment of $35,000.00 to reduce his mortgage. He can prepay $22,500.00, without a prepayment charge, but he must pay a prepayment charge on the remaining $12,500.00.

Because Peter has a CIBC Better Than Prime Mortgage, the prepayment charge is equal to three months' interest at the CIBC Prime Rate in effect on the prepayment date, which is 5.000%.

Here is how Peter can estimate the prepayment charge.

Step 1: The amount that is more than his 15% prepayment privilege.	$12,500.00
Step 2: The CIBC Prime Rate in effect on the date of prepayment, written as a decimal. Thus, 5.000% = .05	0.05
Step 3: He multiplies the prepayment amount by the interest rate. This is equal to an estimate of one year's interest.	$625.00
Step 4: He divides the annual interest cost by 12 to get an estimate of one month's interest.	$52.08
Step 5: He multiplies this by three to get an estimate of three months' interest. This is the estimate of the prepayment charge.	$156.24

When Peter makes his prepayment, he needs to pay an estimated additional amount of $156.24 to pay for the prepayment charge. This is only an estimate. Peter can call CIBC Mortgages Inc. or his CIBC branch to find out the exact amount of the prepayment charge.

Example of how to estimate the prepayment charge for prepaying the full amount of a fixed-rate mortgage

Maria has a 5-year fixed rate closed mortgage. When she arranged the mortgage, she received a discount of .500% below the posted interest rate of 7.000%. So, her annual interest rate is 6.500%.

The principal amount she still owes is $100,000.00. She has two years (or 24 months) left in the term of this mortgage. However, Maria has just inherited some money and wants to pay off the mortgage.

In Maria's case, the prepayment charge will be the higher of the following two amounts:

- three months' interest at her interest rate of 6.500% plus the discount she received of .500%, which is equal to 7.000%; or
- the interest rate differential amount.

Here is how Maria can estimate the prepayment charge for paying off the mortgage.

Three Months' Interest

First, she has to estimate three months' interest on the amount she is paying.

Step 1: She writes down the amount she wants to pay off.	$100,000.00
Step 2: She writes down her interest rate plus the discount, written as a decimal. So, 7.000% becomes .07.	0.07
Step 3: She multiplies the amount she is prepaying by her interest rate plus the discount ($100,000.00 x .070) to get the estimated annual interest costs.	$7,000.00
Step 4: She divides the estimated annual interest cost by 12 to get an estimate of one month's interest.	$583.33
Step 5: She multiplies this by 3 to get the estimate of three months' interest.	$1,749.99

An estimate of three months' interest would be $1,749.99.

Interest Rate Differential Amount

Now, she has to estimate the interest rate differential amount. Here is how she does that.

Step 1: She writes down her annual interest rate, plus the discount. So, 6.500% plus .500% equals 7.000%.	7.00
Step 2: She looks in the chart to see what interest rate will be used to calculate the interest rate differential amount. The chart says it will be the posted rate for a 2-year CIBC brand closed mortgage product similar to Maria's on the date the mortgage payout statement is prepared. She calls her CIBC branch to ask what that rate is today. They tell her it is 5.000%.	5.00
Step 3: She subtracts the result from step 2 from the result from step 1.	2.00
Step 4: She writes the result from step 3 as a decimal, which is the same as dividing it by 100.	0.02
Step 5: She multiplies the amount she is going to pre-pay ($100,000.00) by the result from step 4.	$2,000.00
Step 6: She divides the amount in step 5 by 12.	$166.67
Step 7: She multiplies the result of Step 6 by the number of months left in the term of her mortgage, which is 24 months.	$4,000.00

The Estimated Prepayment Charge

In Maria's case, the estimated prepayment charge is the higher of the estimated three months' interest costs of $1,749.99 and the estimated interest rate differential amount of $4,000.00. So, if Maria's mortgage payout statement was prepared today, an estimate of her prepayment charge would be $4,000.00.

This is only an estimate. Maria should call CIBC Mortgages Inc. or her CIBC branch to find out the exact amount.

4.13 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.14 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.15 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal and early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

4.16 Repaying the cash back option

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. Depending on the terms of the cash back agreement that you signed, you may be required to do this if, for any reason, any of the following occurs before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;
- the mortgage is refinanced, or you renew the mortgage early;
- the mortgage is assumed;
- the mortgage is converted;
- you sell your property and buy another property within 60 days and we finance the new mortgage under section 14, "Portability" in these Standard Charge Terms;
- the mortgage is discharged, transferred out or otherwise prepaid in full; or
- your property is sold under power of sale or foreclosure.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents, including the cash back agreement.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time the mortgage is amended, discharged, assumed, converted, refinanced, transferred out, prepaid in full, sold under power of sale or foreclosure, or when you take advantage of early renewal or portability.

5. Early renewal of open mortgages

(applies ONLY if you have a fixed rate open mortgage or a variable rate open mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must apply in person at any CIBC branch;
- you must select from the mortgage options that we offer under the CIBC brand at the time you apply for early renewal;

- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

(applies ONLY if you have a 6-month convertible closed mortgage, a CIBC Better Than Prime Mortgage, a CIBC Variable Flex Mortgage or a variable rate open mortgage)

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may convert your mortgage to another CIBC brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- you must have met all your obligations under the mortgage;
- if you have a **6-month convertible closed mortgage,** you must convert your mortgage to a fixed rate closed mortgage having a term of one year or more, a CIBC Better Than Prime Mortgage with a term of five years or a CIBC Variable Flex Mortgage, including a CIBC AeroMortgage that is a CIBC Variable Flex Mortgage, **with a term of five years**;
- if you have a **CIBC Better Than Prime Mortgage or a CIBC Variable Flex Mortgage (including a CIBC AeroMortgage that is a CIBC Variable Flex Mortgage)**, you must convert your mortgage to a fixed rate closed mortgage having a term of three years or more;
- you must apply in person at any CIBC branch;
- you must sign our mortgage conversion or amending agreement, which will contain all changed terms and conditions of the mortgage option you select;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage conversion or amending agreement;
- you must pay us any administration and processing fees that apply to converting the mortgage;
- you must pay us any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to converting your mortgage, including the costs of registration of the conversion documents.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement you sign.

7. Designated amount

(applies ONLY if you have a CIBC Better Than Prime Mortgage, a CIBC Variable Flex Mortgage or a variable rate open mortgage)

The designated amount is equal to 105% of the original principal amount of the mortgage or may be another amount that we have agreed to in writing.

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If at any time the outstanding loan amount exceeds the designated amount, we will require you to do one or more of the following:

- increase the amount of your regular payment so the mortgage will be repaid completely over the remaining time in the original amortization period;
- reduce the loan amount owing by making a lump sum payment to reduce the outstanding loan amount below the designated amount; or
- convert the mortgage to a fixed rate mortgage according to the requirements outlined in section 6, "Converting Your Mortgage".

If you do not do so, we have the right to:

- require you to pay the entire loan amount immediately; or
- increase your regular payment amount so that the mortgage will be repaid completely over the remaining time in the original amortization period.

8. Your obligations related to your property

8.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

8.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, and that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, or registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this

paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.

- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

8.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

8.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

8.5 *Property taxes*

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments. The table below outlines how we calculate your tax instalments.

If your regular mortgage payments are:	Then your tax instalment will be calculated as follows:
Weekly	Estimated annual taxes divided by 365 and then multiplied by 7 (the number of days in the payment period)
Bi-Weekly	Estimated annual taxes divided by 365 and then multiplied by 14 (the number of days in the payment period)
Semi-Monthly	Estimated annual taxes divided by 24 (the number of payments in the year)
Monthly	Estimated annual taxes divided by 12 (the number of payments in a year)

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

If the taxes on your property are more than our estimate, or if for any other reason the amount you have paid to us for taxes is less than the amount we have paid for taxes, we will charge you interest at the mortgage rate on the difference.

If you want to take advantage of any discount or avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

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We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

8.6 *Repairs*

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

8.7 *Leasing or renting your property to another person*

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

8.8 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or other mortgage insurer approved by us from time to time, the mortgage insurer or its agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we or the mortgage insurer enforce our rights under this section, we or the mortgage insurer will not be considered to have taken possession, management or control of your property. This also applies to our agents and the agents of the mortgage insurer.

8.9 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

8.10 Possession of your property on default

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

9. Condominium

(applies ONLY to property that is a condominium unit)

9.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

9.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

9.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

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You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

9.4 *Voting rights*

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

9.5 *Acceleration of repayment of the loan amount*

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 9.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

9.6 *Insurance*

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

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The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

10. Our rights

10.1 We are under no obligation to make advances to you under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

10.2 Releasing your property from the mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

10.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
    - interest owing under the mortgage; and

  - all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.
- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale, after paying all costs and expenses, to reduce any part of the loan amount. We will only be responsible for the money remaining after we pay all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

10.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person who has obligations under the mortgage, including a guarantor, to meet those obligations.

10.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

10.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

10.7 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

10.8 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available from any CIBC branch in Canada, or by contacting us.

10.9 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

11. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the entire loan amount immediately. Accepting any payment from any person who we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the full loan amount immediately.

You agree to give us sufficient information to enable us to decide whether we should give our written approval. After we have received this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

- we give our written approval to you to transfer title to your property;
- the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and
- you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

12. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage, in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times, do any of the following, without notifying any guarantor and without obtaining the consent of any guarantor:

- extend the time for payment;

- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

13. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

14. Portability

14.1 If this mortgage is a CIBC Variable Flex Mortgage

If this is a CIBC Variable Flex Mortgage, your mortgage cannot be transferred to another property. However if you have met all your obligations under this mortgage, and if you have agreed to sell your property and purchase another property within 60 days of the sale of your original property, at our sole discretion we may provide financing for the purchase of the new property; and if we do, we will refund to you the prepayment charge in connection with your prepayment of this mortgage upon sale of your original property. The following conditions apply:

- You must apply in writing.
- The principal amount of the new mortgage must be the same as or more than the principal amount of this mortgage on the date of prepayment.
- The new mortgage on the new property must be a CIBC Variable Flex Mortgage or a closed fixed rate mortgage with a term of three years or greater. The interest rate and terms will be those that we offer to you for that type of mortgage at the time the new mortgage is advanced.
- The sale of your original property must be in good faith and be an "arms-length" sale.
- Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met, including any requirements of the mortgage insurer, if applicable.
- You will be responsible for paying all applicable processing or administration fees, mortgage insurance premiums, all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

14.2 If this mortgage is not a CIBC Variable Flex Mortgage

If you have a mortgage other than a CIBC Variable Flex Mortgage and you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 60 days of the sale of your original property, we may provide financing for the purchase of the new property. You will be required to give us a mortgage on your new property. The following conditions apply:

- You must apply in writing.
- The term of the new mortgage must be equal to the remaining term of this mortgage.
- The sale of your original property must be in good faith and be an "arms-length" sale.
- On the date you complete the sale of your original property, the loan amount must be paid in full, including all applicable prepayment charges. However, if the new mortgage

is advanced to you within 60 days of the prepayment of the original mortgage, we will refund the prepayment charge to you, **unless** the principal amount of the new mortgage is less than the principal amount still owing under the original mortgage on the date of prepayment (see below).

- If the principal amount of the new mortgage is the **same as** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage.
- If the principal amount of the new mortgage is **less than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage. In this case, we will **not** refund to you any prepayment charge you paid on the amount of the outstanding principal amount of the original mortgage that is greater than the principal amount of the new mortgage.
- If the principal amount of the new mortgage is **greater than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate for the new mortgage will be:

Original Mortgage Type	Interest Rate
Variable rate mortgage (except for CIBC Variable Flex Mortgage)	The variable interest rate for this mortgage.
Fixed rate mortgage (with a remaining term of 12 months or less)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed CIBC brand mortgage product similar to yours having a 6-month term.
Fixed rate mortgage (with a remaining term of more than 12 months)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed CIBC brand mortgage product similar to yours having a term similar to the remaining term of this mortgage.

- Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met, including any requirements of the mortgage insurer, if applicable.
- You will be responsible for paying all applicable processing or administration fees, mortgage insurance premiums, all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

15. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

16. Family Law Act

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

17. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

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18. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

19. National Housing Act

All CMHC insured mortgages are made according to the *National Housing Act*.

20. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

21. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, insure, maintain and collect upon your mortgage, and we may disclose your personal information, including information about your mortgage, to credit reporting agencies. We will also use and disclose your personal information according to CIBC's privacy policies which are outlined in CIBC's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting any branch of CIBC.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage. You also agree that we may insure this mortgage with CMHC or other mortgage insurer approved by us from time to time. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage and to any mortgage insurer. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee, mortgage insurer and service provider to administer the mortgage and exercise their rights under it.

22. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge.

You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

Appendix 1
Equivalent Interest Rates

If the interest rate specified in your mortgage is compounded monthly not in advance, you may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below.

MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY
1.000	1.00209	**9.000**	9.17045	**17.000**	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	18.55403
2.000	2.00835	**10.000**	10.21066	**18.000**	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49766
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028

DATED at Toronto, this 22 day of July, 2008.

Patricia Knight
Solicitor for CIBC Mortgages Inc.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200815 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200816 Cote
Filing Date August 8th 2008 Date de Dépôt
Page 1 of/de 20
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

CIBC

Consumer General Collateral Mortgage
Standard Charge Terms
Land Registration Reform Act

Filed By:	Canadian Imperial Bank of Commerce
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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STANDARD CHARGE TERMS
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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land, which is the part of this mortgage that is or will be registered against the title to your property;
- any schedules that are attached to the Charge/Mortgage of Land; and
- this set of Standard Charge Terms.

You and **your** mean each person, corporation and any other entity who has signed this mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and any other entity.

We, us, and **our** mean Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. This includes all buildings and structures on the land now or added later, as well as anything attached to the land or any building or structure on the land now or added later. Under this mortgage, your property also includes any improvements, substitutions, additions or alterations made to any building, structure or the land during the period this mortgage is in effect. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount means the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Costs mean all amounts, in addition to the principal amount and interest on the principal amount, that you must pay under this mortgage or under any agreement. Costs include any interest on these amounts that you owe us.

Debt means the amount of money you owe us at any given time, regardless of when or how that obligation occurred. It includes **all** amounts of money you either owe us now or will owe us in the future. You can be liable for debt in many ways, including:

- dealing directly with us, such as signing an agreement with us or borrowing money from us;
- through your agreements with others where we become your creditor;
- as borrower of the principal amount of another loan; or
- as guarantor of any loan.

The debt can include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other costs and interest on other costs.

Agreement means any agreement, note, guarantee, or other document between you and us that relates to the debt. It also includes changes to these documents and any replacement to any of the documents.

Interest Adjustment Date means the date identified as the interest adjustment date on the Charge/Mortgage of Land. If there is no Interest Adjustment Date identified on the form, the Interest Adjustment Date is the date you sign this mortgage.

CIBC Prime Rate means the annual variable reference rate of interest that the Canadian Imperial Bank of Commerce (CIBC) declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Lien means a claim by a person or corporation or by a government authority against property belonging to another person or corporation until a debt owed by that person or corporation is totally paid. A lien can take many forms such as a mortgage, charge, assignment, security interest, judgment or attachment.

STANDARD CHARGE TERMS
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2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property, both present and future, to us. Your interest in your property is security to us for repayment of the debt and your performance of all your obligations under this mortgage or any agreement.

You agree to pay the debt as required by this mortgage and all agreements, and to meet all of your obligations under this mortgage and under all agreements. You agree to make all payments required by this mortgage and all agreements in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts. You agree not to cancel, offset or reduce any payments that you have made or that you are required to make by this mortgage or by any of the agreements.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have a right to give us this mortgage.

If you are a tenant or you are leasing your property, you charge your entire interest in your property to us for the entire term of the lease (except the last day) including any renewals, and your interest in your property includes any option or right of refusal to purchase. You certify that:

- your property is leased to you under a valid lease, and you have given us a copy of the lease; and
- you have the right to mortgage your interest in the leased property to us.

In all cases, you also certify that there are no liens affecting your interest in your property, except those that have been registered in the land registry office where this mortgage is registered or liens approved by us in writing. An example of a lien would be another mortgage.

You also certify that building and zoning by-laws for the property have been complied with.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been fully charged to us so that the debt is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that your interest in your property has been charged to us.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation and any other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage or any agreement and paying the entire debt, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Anyone to whom we transfer this mortgage is also obligated by this mortgage.

You will continue to be obligated under this mortgage even if your property is transferred or there are changes to this mortgage or any of the agreements.

2.3 Maximum amount secured

The maximum amount secured under this mortgage is the total of:

- the principal amount;
- interest on the principal amount;
- costs;
- interest on unpaid costs; and
- interest on unpaid interest.

The debt may be more than the maximum amount secured.

2.4 Continuing security

This mortgage is continuing security for the debt.

This mortgage is not affected by any of the following events:

- any change in the amount or type of debt;
- any change in any accounts related to the debt;
- any change in any agreement; or
- the reduction of the debt to zero at any particular time.

Even if one or more of these events occurs, this mortgage will still be in effect and will not be considered to be discharged.

2.5 *Additional security*

This mortgage is in addition to any other security that we may hold now or in the future for any part of the debt. It does not replace any security that we may hold now or in the future for any part of the debt.

If we obtain a judgment against you, we will be able to rely on our rights under both the judgment and this mortgage. The judgment will not affect any other security we may have. We will be entitled to interest on any judgment at the interest rate shown on the Charge/Mortgage of Land until we are fully paid.

This mortgage does not prevent us from using other means to obtain repayment of the debt.

2.6 *Securing more than one obligation*

This mortgage may secure more than one obligation to us. The interest rate and other terms of the obligations that are included in the relevant agreement are not changed or affected by this mortgage.

2.7 *Making material changes*

Any agreement to make material changes to the mortgage terms and conditions will apply to every person, corporation and entity who signed the Charge/Mortgage of Land, including guarantors, as well as to those who agree to the changes in writing. This applies even if all persons, corporations and entities who signed the Charge/Mortgage of Land do not agree to the changes in writing, or are not advised of the changes. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of this mortgage.

3. Interest

The interest rate you pay on any part of the debt will be the rate stated in the agreement you sign that relates to that part of the debt. Interest will be calculated as stated in the relevant agreement. If the method of calculating interest is not stated, interest will be calculated and compounded monthly. If the interest rate is not stated in the relevant agreement, you will pay interest at the rate shown on the Charge/Mortgage of Land. Interest on overdue interest will be calculated at the same rate.

Interest is payable on the debt until it has been paid, both before and after the demand, before and after default, and before and after we obtain any court judgment against you.

For purposes of calculating interest, a year is always 365 days, even in a leap year.

4. Costs

You must pay us, when we demand, all of our costs related to this mortgage, your property, or any agreement. These amounts are payable immediately to us. You must pay interest on these costs from the date they are paid by us until you repay them.

If you do not pay them, we may declare you in default on this mortgage. We may also add these amounts to the debt and charge you interest on them until you repay them.

You must pay us these costs even if we have not advanced you any money under this mortgage or any agreement.

Examples of these costs include:

- investigating the title to your property;

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- preparing, signing and registering this mortgage and any related documents;
- lawyer's fees and disbursements, charged on a "substantial indemnity" basis;
- appraising, inspecting, protecting, repairing, or insuring your property;
- enforcing any of our rights (including taking possession of your property) under this mortgage;
- preparing your property for sale or lease and selling or leasing it, and
- legal expenses, expenses of our agents, and any other costs of protecting our rights, including a reasonable allowance for the time and services of our employees.

5. Payments

5.1 Demand for payment

You will pay us the debt when we demand that it be paid. We will not demand repayment of the debt unless:

- we have the right to demand repayment under this mortgage or any agreement, or
- you are in default on this mortgage or any agreement.

Any demand for repayment of the debt will be done in writing. We will either deliver this notice to you personally, or mail it to you by first class mail to the most recent address we have on file for you. It will be considered to be received by you on the earlier of the following dates:

- the date it is delivered to you, or
- the fifth day after we mail it.

5.2 How we apply money we receive from you

Unless we have signed an agreement stating otherwise, we will apply any money we receive to reduce the debt in any way we see fit.

If the debt is more than the amount secured by this mortgage, we may decide what part of the debt is secured by this mortgage.

5.3 Prepaying the debt

You may only prepay a part of the debt if it is allowed by a written agreement that relates to that part of the debt. If prepayment is allowed, the terms and conditions related to prepayment will be found in the relevant agreement.

5.4 Date of this mortgage

You agree that only for purposes of defining the date of this mortgage for any statutory right of prepayment, the date of this mortgage is the interest adjustment date. This is the case even if this mortgage was signed on a different date.

5.5 Missed payments

If you do not make a payment as required by this mortgage or any agreement, we are not obligated to accept subsequent payments.

5.6 Demand to repay the total debt

We may require you to repay the total debt immediately if one of the following events occurs:

- you do not make any payment as required by this mortgage or any agreement;
- you do not meet one of your obligations under this mortgage or any agreement;
- you do not make a payment required for money borrowed from someone other than us;
- any statement that you make or you have made to us relating to your property, this mortgage, any agreement, the debt, or your financial situation is not true at the time it is made;

- a lien or a notice of lien is registered against your property without our prior written consent;
- you sell, transfer, lease or mortgage your property;
- you allow your property to become vacant or you abandon your property;
- the use of any part of your property changes without our prior written consent;
- you are a corporation and there is a change in effective control of the corporation or there is an order or resolution passed for winding-up, liquidating or dissolving the corporation;
- you are a partnership and there is a change in membership of the partnership or the partnership is dissolved;
- you become insolvent, you declare bankruptcy or you make a proposal in bankruptcy;
- you assign your property to other creditors;
- any proceedings are begun by you or by others against you that affect your property, other assets, or debts under any law relating to bankruptcy, insolvency, reorganization, arrangements, or relief of debtors;
- you are declared bankrupt or a receiver (including a receiver and manager), trustee, custodian or other similar official is appointed for you or for any part of your property; or
- a power of sale or foreclosure has begun against all or any part of your property.

If any one of the circumstances listed above occurs, you are not meeting your obligations under this mortgage.

If we demand repayment of the debt in any of these circumstances, it will not affect our right to demand payment in any other circumstances covered by this mortgage or any agreement and will not affect any of our other rights under this mortgage or any agreement.

6. Your obligations related to your property

6.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere with our interest in your property.

6.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, and that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign this mortgage.
- You have met all of your obligations under your lease up to the date you sign this mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, or registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rent and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.

- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in your property and in your lease has been fully charged to us and that the debt is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold your property in trust for us for the last day of the term of your lease, and the last day of any renewal term of your lease. You will only deal with your property on the last day in the way that we require.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under this mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors. We may remove you or anyone else as trustee of the trust and appoint one or more trustees.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under this mortgage, including our right to sell your property under power of sale.

6.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building, by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. You must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we will add these to the debt.

We may make advances to you under this mortgage based on the progress in completing improvements. Any improvements will form part of your property and be covered by this mortgage.

6.4 Insurance (does not apply if your property is a condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until this mortgage has been discharged.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until this mortgage has been discharged. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we will add the amount to the debt and charge you interest on the amount at the interest rate shown on the Charge/Mortgage of Land, until you pay us that amount.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money. You must pay all expenses related to this. You agree that if we produce this mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that arises because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the debt, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you to be used by you to repair or rebuild the property.

We have the right to decide how to use the insurance money.

6.5 Taxes

On or before the interest adjustment date, we may withhold from any advance under this mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, if we ask you to, you agree to pay us periodically a tax instalment in an amount based on the estimated annual taxes that will be payable for the following year. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

In either case, if the taxes on your property are more than our estimate, or if for any other reason the amount you have paid to us for taxes is less than the amount we have paid for taxes, we will charge you interest on the difference.

If you want to take advantage of any discount or avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, we may obtain these documents, but you must pay us the costs of obtaining them immediately. If you do not, we will add the cost to the debt.

We do not have to hold in trust any money you send to us for taxes. We do not have to pay interest on the money you send us to pay taxes. We do not have to pay taxes more than once a year.

If you do not meet any one or more of your obligations under this mortgage or any agreement, we may apply any money that we have received for taxes to any portion of the debt. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, we may obtain these receipts and you must pay us the cost of obtaining them. If you do not, we will add the costs of obtaining them to the debt. If, for any reason, you do not pay the taxes when required, then we may require that you pay your taxes to us as described above.

6.6 *Repairs*

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property, or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we will add the costs to the debt. If we add the costs to the debt interest will be charged on these costs at the interest rate shown on the Charge/Mortgage of Land until you pay these costs to us.

6.7 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We may enter and inspect your property and conduct any environmental testing that we consider necessary. You are responsible for the costs of these tests, including interest at the interest rate shown on the Charge/Mortgage of Land. You must pay us these costs, including interest, immediately.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this. You must pay us these costs immediately. If you do not, we will add these costs to the debt. If we add these costs to the debt, interest will be charged at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we enforce our rights under this section, we will not be considered to have taken possession, management or control of your property. This also applies to our agents.

6.8 *Ontario New Home Warranties Plan Act*

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in meeting your obligations or enforcing your rights on your behalf, if we choose to do so. You must pay us these costs immediately. If you do not, we will add these costs to the debt. If we add these costs to the debt, interest will be charged at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

7. Condominium (applies only to property that is a condominium unit)

7.1 *Compliance with* the *Condominium Act, 1998*

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

7.2 *Payment of amounts and common expenses*

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on this mortgage, or add these amounts to the debt, or do both. If we add these amounts to the debt, interest will be charged at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

7.3 *Notices and demands*

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

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7.4 Voting rights

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with your property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

7.5 Acceleration of repayment of the debt

At our option, the debt will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws, rules and regulations;
- the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement value;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

7.6 Insurance

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. We have the right to approve the insurance company or companies.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However we are not obligated to do this. Any premiums or money which we pay for insurance will be immediately payable by you to us. If you do not pay them, we may add this amount to the debt. If we add this amount to the debt, we will charge interest on the amount at the interest rate shown on the Charge/Mortgage of Land until it is repaid.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

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The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

8. Our rights

8.1 We are under no obligation to make advances to you under this mortgage or any agreement

We may, for any reason, decide not to advance you money under this mortgage or any agreement, even if:

- you have signed this mortgage or any agreement;
- this mortgage has been registered; or
- we have already advanced money under this mortgage or any agreement.

8.2 Releasing your property from this mortgage

We may release our interest in all or part of your property, whether or not we receive any value for doing so. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the debt, up to the amount secured. The maximum amount secured under this mortgage is the total of:

- the principal amount;
- interest on the principal amount;
- costs;
- interest on unpaid costs; and
- interest on unpaid interest.

Your obligations, and the obligations of any guarantor, under this mortgage or any agreement will continue unchanged. If your property is subdivided, each part of your property will secure all of the debt.

8.3 Changes and extension of time

We may deal with you and others, including any guarantors, as well as any security we hold as we see fit without affecting our rights. This includes:

- varying your credit;
- granting an extension of time; and
- taking or giving up security that we hold.

Any actions we take will not affect your obligations under this mortgage or any agreement or your responsibility to repay the debt.

8.4 Taking possession

If you are in default on any of your obligations under this mortgage or any agreement, we may, at our option, take possession of your property and you certify that, if we take this action, your property is free from any liens except for those liens we have approved of in writing.

8.5 Enforcing our rights

If you do not make one or more payments when required under this mortgage or any agreement, or if you do not meet one or more of your other obligations under this mortgage or any agreement, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any liens or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under this mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any liens ranking in priority to this mortgage in good standing;
    - interest owing under this mortgage; and
    - all or any part of the debt, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the debt.
- **Lease your property or collect rents.** If you are in default on this mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on this mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on this mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under any lease, after paying all costs and expenses, to any part of the debt. We will only be accountable for the remaining money when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the debt in full, you must pay us the difference.
- **Power of sale.** If you are in default on this mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the Mortgages Act, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale (after paying all costs and expenses) to reduce any part of the debt. We will be responsible only for the money when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the debt in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the debt, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under this mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under this mortgage or any agreement, as well as a reasonable allowance for the time and services of our agents and CIBC employees.

8.6 *Delay in enforcing our rights*

If we delay enforcing any of our rights, the delay will not affect any of our other rights under this mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage.

We may still require you to make all payments on time and meet your obligations under this mortgage. We may still require payment of the debt if you are in default. We may still require any other person, including a guarantor who has obligations under this mortgage to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total debt.

8.7 *If we do not enforce our rights on a particular default*

In some cases, we may not enforce our rights on a particular default by you. However, by doing so, we are not forgiving any other existing default by you, or any other defaults by you in the future.

Any waiver of our rights must be signed by two of our authorized signing officers.

8.8 *Court orders and judgments*

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under this mortgage or any agreement, including our right to receive interest as required by this mortgage.

If we obtain a judgment against you, we will be able to rely on our rights under both the judgment and this mortgage. The judgment will not affect any other security we have. We will be entitled to interest on any judgment at the interest rate shown on the Charge/Mortgage of Land until we are fully paid.

8.9 *Doctrine of consolidation*

The doctrine of consolidation will apply to this mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages or agreements with us then we can, as a condition of your repaying any mortgage or any agreement, require that you repay all mortgages and agreements.

8.10 *Administration and processing fees*

In addition to the administration and processing fees outlined elsewhere in this set of Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of this mortgage or any agreement.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the debt. If we add these fees to the debt, we will charge you interest on these fees at the interest rate shown on the Charge/Mortgage of Land from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents.

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- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on this mortgage or the agreement, or add these fees to the debt. If we add these fees to the debt, we will charge you interest on these fees at the interest rate shown on the Charge/Mortgage of Land from the date the fees are incurred.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available from any CIBC branch in Canada, or by contacting us.

8.11 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over this mortgage. Also, we can pay all expenses that we incur in collecting any payment under this mortgage or any agreement that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on this mortgage or the agreement. In addition, we can add these amounts to debt. If we add any of these amounts to the debt, we will charge you interest at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

If you are a tenant or a lessee, under a lease of your property we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on this mortgage or any agreement. In addition, we may add these amounts to the debt. If we add any of these amounts to the debt, we will charge you interest at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

If you do not meet one or more of your obligations under this mortgage or any agreement, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on this mortgage. In addition, we may add these costs to the debt. If we add any of these amounts to the debt, we will charge you interest at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

Any payments we make under this mortgage or an agreement will be added to the debt. We will charge you interest on these payments from the date we pay them at the interest rate stated in the agreement or the interest rate shown on the Charge/Mortgage of Land, whichever is greater. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under this mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

9. What happens if your property is sold or transferred

If you sell or transfer the property, we can, at our option, demand that you pay the entire debt immediately. We can do this even if one or more of the agreements do not contemplate immediate payment. If we do not require you to repay the entire debt, our rights under this mortgage or against anyone who has guaranteed this mortgage are not affected.

10. Guarantee

Each person, corporation and any other entity who signs this mortgage or any agreement as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the debt as and when required by this mortgage or any agreement, in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts; and
- to meet all other obligations of the borrower under this mortgage or any agreement.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually for meeting all obligations under this mortgage and any agreement. This means that each individual guarantor is responsible for meeting all obligations under this mortgage and any agreement, including payment of the entire debt.

We may, at any time do any of the following, without notifying any guarantor, and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of this mortgage; and
- deal with any other matter affecting this mortgage or any agreement and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain a payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

11. Assumption or assignment of this mortgage

This mortgage cannot be assigned by you or assumed by any other person.

12. Communication and notices

If more than one person, corporation or other entity has signed this mortgage or any agreement as borrower, we can rely on any communications we receive from any one of you. These communications may be received electronically, in writing, orally, or by other means. Communications from any one of you will be considered to be communications from all of you.

In addition, communications from us to any of you will be considered to be communications to all of you. Our communications may be sent electronically, in writing, orally, or by other means. Any item we mail to you will be considered to be received by you on the fifth day after we mail it.

13. Expropriation

If your entire property is expropriated, the debt will immediately become payable, together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will apply it to the debt. If, in our opinion, the remainder of your property does not provide adequate security for the debt, then the debt, or any part of the debt as we determine, will immediately become due and payable, together with loss of interest.

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14. *Family Law Act*

You certify to us that all information which you gave us about your marital status and your property when applying for this mortgage or any of the agreements, and all statements made in this mortgage and any of the agreements are true and accurate under the *Family Law Act*.

15. If part of this mortgage is not valid

If any part of this mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts will not be affected.

16. Excluding statutory covenants

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from this mortgage.

17. Reference to laws

Any reference to legislation in this mortgage or any agreement includes any amendments and replacements to that legislation in force from time to time.

18. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about this mortgage, the debt and any of the agreements;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, and for any indebtedness due under it, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, insure, maintain and collect upon this mortgage and any of the agreements, and we may disclose your personal information to credit reporting agencies, including information about this mortgage, the debt and any of the agreements. We will also use and disclose your personal information according to our privacy policies which are outlined in our brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get current information on our current privacy policy by contacting any branch of CIBC.

You agree that we may enter into this mortgage and any of the agreements on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage and any of the agreements to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage or any of the agreements. You also agree that we may insure this mortgage with CMHC or other mortgage insurer approved by us from time to time. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns this mortgage or any of the agreements and to any mortgage insurer. If the mortgage is insured, the insurer may obtain a credit report and other information about you from any credit bureau, credit reporting agency and/or from us. We may also disclose your personal information to any service provider. Service providers are any person or entity that:

- is involved in the servicing, maintenance, collection or operation of this mortgage or any of the agreements; or
- provides services or benefits to you under this mortgage or any of the agreements, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your application for this mortgage, and for any indebtedness due under it, and ongoing information and documentation about you, this mortgage and any of the agreements sufficient for the beneficial owner, agent, assignee, mortgage insurer and service provider to administer this mortgage and any of the agreements and exercise their rights under them.

19. Discharge

After you have paid us the debt secured by this mortgage and you have met all your obligations under this mortgage and all of the agreements, you may request in writing that we send you a discharge or an assignment of this mortgage.

You will pay our usual administration and processing fee for preparing, reviewing and signing the discharge or assignment and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us. It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee.

If electronic registration is available for this mortgage, we may register on your behalf, if we choose, and you agree to pay us the registration fee. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

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Appendix 1

Equivalent Interest Rates

If the interest rate specified in this mortgage is compounded monthly, you may determine the equivalent interest rate compounded semi-annually by referring to the table below.

CURRENT MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY NOT IN ADVANCE (%)	CURRENT MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY NOT IN ADVANCE (%)
1.000	1.00209	**9.000**	9.17045	**17.000**	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	18.55403
2.000	2.00835	**10.000**	10.21066	**18.000**	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49766
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13065
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028

DATED at Toronto, this 31 day of July, 2008.

Patricia Knight
Solicitor for CIBC Mortgages Inc.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200816 Code

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200817 Cote
Filing Date September 10 2008 Date de Dépôt
Page 1 of/de 29 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

FirstLine
MORTGAGES

Standard Charge Terms

Land Registration Reform Act

Filed By:	CIBC Mortgages Inc.
Filing Number:	
Filing Date	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the *Act*.

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200817 Cote

1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms

Mortgage means

- the registered document which is the part of this mortgage that is or will be registered against the title to your property
- this set of Standard Charge Terms;
- any Schedules that are attached to the registered document, and
- any renewals or amendments

You and **your** mean each person, corporation, and other entity who has signed the Mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity

We, **us**, and **our** mean CIBC Mortgages Inc. trading as FirstLine Mortgages

CIBC means Canadian Imperial Bank of Commerce

Your property means the land described in the registered document. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property

Principal Amount is the amount of money identified as the principal amount in the registered document.

Loan means the amount of money advanced to you under this Mortgage at a fixed rate of interest or at a floating rate of interest based on the CIBC Prime Rate, as shown on the schedule to the registered document. If the Loan has a fixed rate of interest, it is referred to as the Fixed Rate Loan. If the Loan has a floating rate of interest based on the CIBC Prime Rate, it is referred to as an Adjustable Rate Loan

Loan Amount means the amount of money you owe at a[illegible] time under the Loan

Initial Loan Amount is the amount shown in the schedule to the registered document as the "Initial Loan Amount."

Line of Credit means the Line of Credit secured by this Mortgage on which interest is payable at a floating rate of interest based on the CIBC Prime Rate as shown in the schedule to the registered document. The credit limit of the Line of Credit at any given time is equal to the Principal Amount less the Loan Amount

Line of Credit Amount means the amount of money you owe at any given time under the Line of Credit

Line of Credit Debt means all your present and future debt to us in connection with the Line of Credit. This debt could include interest, service charges and other amounts payable under the Line of Credit as stated in the Mortgage.

Total Debt means the total of the following amounts

- the Principal Amount
- interest as required by this Mortgage
- interest on unpaid interest, and
- all other amounts that you must pay under this Mortgage

Interest Adjustment Date is the date identified as the interest adjustment date in the registered document. The Interest Adjustment Date is one payment period before the first regular payment date

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time. You can find out what the CIBC Prime Rate is on any

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200817 Date

given day by calling us toll free at 1-800-970-0700 in Canada or by visiting our web site at www.firstline.com

Current Mortgage Rate is the interest rate in effect at any particular time.

Your regular payment means the amount of each payment as described in the registered document.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the Interest Adjustment Date and each anniversary of the Interest Adjustment Date.

2. What this Mortgage does

By signing the Mortgage, you charge your entire interest in your property to us. In return, we make a loan to you that consists of:

- the Initial Loan Amount or any part of the Loan Amount that is advanced to you from time to time, and
- a Line of Credit Amount that is available to you.

This means that your interest in your property is security to us for repayment of the Total Debt and your performance of all your obligations under the Mortgage.

You agree to pay the Total Debt as required by the Mortgage, and to meet all of your other obligations under this Mortgage, including paying all taxes on your property. You agree to make all payments required by this mortgage in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts. You agree not to cancel, offset or reduce any payments that you have made or that you are required to make.

2.1 Maximum amount secured

The maximum amount secured under this Mortgage is the Total Debt.

2.2 Continuing security (applies to the Line of Credit)

Your security under this Mortgage, whether or not it secures a revolving or fluctuating balance, is continuing security for the Line of Credit Debt even if any of the following occurs:

- there is any change in the amount or nature of the Line of Credit Debt or any accounts relating to the Line of Credit Debt, or
- the Line of Credit Amount is reduced to zero.

This means that the Mortgage will not be considered to have been discharged if either of these occurs.

2.3 Accessing your Line of Credit

You can access the Line of Credit in a variety of ways, including cheques, internet banking, telephone transfers and by pre-authorized debit. All cheques or withdrawals may only be in Canadian funds.

All transfers of funds from the Line of Credit to any other account are treated as increases to the Line of Credit Amount. Transfers can be made to another account with CIBC, its affiliates, or any other entity.

Funds withdrawn on the Line of Credit through internet or electronic banking will be withdrawn on the date you instruct us to withdraw the funds. Not all financial institutions process electronic transactions within the same time period. As a result, you should give withdrawal instructions several business days before the date you wish the funds to be transferred to another account. We will not be responsible for processing delays by other financial institutions.

STANDARD CHARGE TERMS
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2.4 *Multiple Loans*

You cannot have multiple Loans secured by this Mortgage.

2.5 *Your interest in your property*

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this Mortgage.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the Mortgage. You must pay these amounts to us immediately. If you do not pay them, we may: (i) declare you in default on the Mortgage, or (ii) add these amounts to the Loan Amount [or Line of Credit Amount, as applicable], or (iii) do both.

2.6 *Who is obligated by this Mortgage*

The obligations under this Mortgage are the collective and individual responsibility of each person, corporation or other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this Mortgage and paying the Total Debt, even if others have also signed this Mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this Mortgage. Our successors and anyone to whom we transfer this Mortgage is also obligated by this Mortgage.

2.7 *Changing or renewing this Mortgage*

(also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this Mortgage. These agreements could include renewing the Mortgage, amending the Mortgage, or extending the length of time for the Mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the Mortgage. Even if we do not register these agreements, this Mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the Mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the Total Debt will not release or affect the liability of others who are obligated under this Mortgage, even if they do not sign or are not advised of the new agreement.

Anyone having a subsequent interest in the property is obligated under this Mortgage for the repayment of the Total Debt. This is the case even if the Principal Amount is not fully advanced or whether the Total Debt is reduced to zero.

2.8 *Making material changes*

Any agreement, whether verbal or in writing, to make material changes to the Mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Mortgage agreement, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the Mortgage.

2.9 *Mortgages with deposits* (applies to the Loan)

If required under the terms of your Loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the Initial Loan Amount.

advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the Loan Amount and the monthly payment will be adjusted to reflect the lower Loan Amount. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 Interest on the Loan

(applies ONLY to Fixed Rate Loans)

The interest rate on the Loan is shown in the schedule to the registered document. Interest is payable at the frequency shown in the schedule to the registered document.

Interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the Mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

Interest is payable on the Loan Amount at this rate until the Loan Amount has been paid, both before and after the balance due date in the schedule to the registered document, before and after default, and before and after we obtain any court judgment against you.

If you do not make the regular Mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is the rate shown in the schedule to the registered document for the Loan and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

(applies ONLY to Adjustable Rate Loans)

The interest rate on the Loan is shown in the schedule to the registered document. Interest is payable at the frequency shown in the schedule to the registered document.

Because the interest rate on your Loan is variable, the interest rate in effect at any particular time is your Current Mortgage Rate for the Adjustable Rate Loan.

The interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown in the schedule to the registered document. The CIBC Prime Rate will vary from time to time. The principal and interest Loan payment will be recalculated every time the CIBC Prime Rate changes, based on the Current Mortgage Rate and the remaining amortization period of the Mortgage.

Interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the Mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is payable on the Loan Amount at this rate until the Loan Amount has been paid, both before and after the balance due date in the schedule to the registered document, before and after default, and before and after we obtain any court judgment against you.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Within a reasonable time after each change in the CIBC Prime Rate, we may send you a letter telling you the Current Mortgage Rate, and the date it became effective, and if applicable, the new principal and interest Loan payment amount. We will mail this letter to the address we have on file for you. The interest rate will still vary whether or not we have sent you a letter about the change and whether or not you have received the letter. However, if we do send you the letter, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the letter was sent to you. You can find out what the CIBC Prime Rate is on any given day by calling us toll free at 1-800-970-0700 in Canada or by visiting our web site at www.firstline.com.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.2 Interest on the Line of Credit

The interest rate on the Line of Credit will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown in the schedule to the registered document for the Line of Credit. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the Current Mortgage Rate and the remaining amortization period of the Mortgage.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Because the interest rate on your Line of Credit will change from time to time, the interest rate in effect at any given time is your Current Mortgage Rate for the Line of Credit.

Interest is payable monthly as shown in the schedule to the registered document and is compounded monthly based on the daily balance of your Line of Credit Debt. Although the annual interest rate is based on a full year, if the Mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

We charge you interest on all amounts you borrow on your Line of Credit. We charge interest from the day we record the transaction until the day we receive the amount you owe. Interest is shown on your monthly statement. Interest that accumulates before we receive your payment will appear on your next monthly statement. You must pay interest both before and after any of the following events:

- we ask you to pay the total amount you owe on your Line of Credit;
- you do not meet your obligations under this Mortgage;
- you become bankrupt or insolvent;
- you have any legal action taken against you or your property; or
- we obtain a court order instructing you to pay us the money you owe.

The information in Appendix 1 is provided to you because the interest rate charged on the Line of Credit may be expressed other than as a semi-annual calculation and because the interest rate may change from time to time. For each Current Mortgage Rate calculated monthly not in advance, you can find what the equivalent interest rate is calculated half-yearly not in advance.

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.3 Interest on amounts advanced to you before the Interest Adjustment Date (applies only to the Loan)

Interest on any part of the Loan that we advance to you before the Interest Adjustment Date will be calculated semi-annually not in advance at the interest rate for the Loan shown in the schedule to the registered document, on the date of advance.

STANDARD CHARGE TERMS
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3.4 *Interest adjustment when payment frequency changes (Applies only to the Loan)*

If you are not in default on your Loan, you may change your payment frequency to any of the options available for your type of Mortgage at the time you make the change. If you choose to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your Loan, or we may add the interest adjustment and administration or processing fees to the Loan Amount, or we may do both.

3.5 *U.S.A. resident*

If you are, or if during the term of the Mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your Mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your Mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the Mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the Mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the Loan Amount

4.1 *Currency and place of payment*

You will pay the Loan Amount to us in Canadian dollars at the address shown on the registered documents.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 *Bank account for payments*

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes and any other optional services you have selected when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your Mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we take. If you do not immediately pay us these fees, we may declare that you are in default on your Loan, or add these fees to the Loan Amount, or do both.

4.3 *Regular payments*

You must make regular payments to us for the principal and interest on the Loan. The amount of each payment and the payment dates are shown in the schedule to the registered document. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the Loan Amount on the balance due date. You can find the balance due date in the schedule to the registered document.

4.4 *Payments on amounts advanced to you before the Interest Adjustment Date*

We may advance to you part of the Principal Amount before the Interest Adjustment Date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the Interest Adjustment Date:

- we may ask you to pay the interest on this amount on the Interest Adjustment Date;
- we may deduct the interest from your bank account on the Interest Adjustment Date;
- we may deduct the interest from the remaining amount of the Loan that we advance to you; or
- we may deduct the interest from your bank account on the first Loan payment date.

4.5 *Payment on default*

If you do not meet one or more of your obligations under the Mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes and any other optional services you have selected on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the Loan Amount. We may also use any of our rights stated in section 4.6 below.

4.6 *Demand to repay the Total Debt immediately*

We may require you to repay the Total Debt immediately if:

- you do not make any payment required by the Mortgage;
- you do not meet one or more of your obligations under the Mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this Mortgage, or when you applied for the Mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days;
- your property is abandoned;
- you are unable to pay your debts when they are due or you become bankrupt or insolvent; or
- you do not make any payment or meet your obligations under any other loan with us, CIBC, or the affiliates of either us or CIBC, even if the loan is not secured by this Mortgage.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this Mortgage.

4.7 *How we apply your Loan payments*

We will apply each regular Loan payment we receive from you in the following order:

1. To bring into good standing any accounts related to the Mortgage for which we are holding funds for payment to others, including tax accounts.
2. To pay for the cost of optional services made available by us and selected by you.
3. To pay any collection expenses or any applicable administration and processing fees.
4. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the Principal Amount accumulated up to,

but not including, the payment date.

5. To reduce the Principal Amount.

However, if you do not meet one or more of your obligations under your Mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

4.8 Changing the amount of your Loan payments

To qualify for increasing or decreasing your Loan payments, you must meet the following conditions:

- you must have met all your obligations under the Mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit, and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future Mortgage Years.

(applies ONLY if you have a Fixed Rate Loan)

Each Mortgage Year, you have the privilege of increasing the amount of your regular Loan payment by up to 25% of the amount of your original Loan payment without paying a prepayment charge. The original Loan payment amount for principal and interest is shown in the schedule to the registered document.

Once each Mortgage Year you may also decrease the amount of your regular Loan payment, but only if the amortization period for the Mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization for the Loan.

In all cases, your payment for principal and interest on the Loan may never be less than your original Loan payment for principal and interest, as shown in the schedule to the registered document.

(applies ONLY if you have an Adjustable Rate Loan)

Each Mortgage Year you have the privilege of increasing the amount of your regular payment to any amount, without paying a prepayment charge, as long as the resulting amortization period is not less than five years.

Once each Mortgage Year, you may also decrease the amount of your regular payment as long as the resulting amortization period is not longer than the remaining time left in the original amortization period.

4.9 Prepaying your Loan without paying a prepayment charge

Each Mortgage Year, you may prepay up to 20% of the Initial Loan Amount without paying a prepayment charge.

The following conditions apply:

- you may only make a prepayment on a regular Loan payment date;
- the minimum prepayment is $100.00;
- if you do not use any or all of this privilege in a Mortgage Year, you cannot carry forward any unused portion of the privilege to a future Mortgage Year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire Loan Amount, even if you have not used this privilege in the Mortgage Year when the Loan Amount is paid off;
- you must have met all your obligations under the Mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-

residential purposes.

4.10 Prepaying your Loan with prepayment charges

If you want to prepay more than the 20% allowed in any Mortgage Year, a prepayment charge will apply. Prepayment charges will be payable in addition to regular interest at the interest rate specified in the schedule to the registered document for the Loan and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the Mortgage payout statement

If you want to prepay the **entire** outstanding Loan Amount, you can ask us to provide you with a statement of the amount required to pay off your Loan Amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any Mortgage payments, or any other payments that we receive, between the date we prepare the Mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular Loan payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your Mortgage.

If you do not pay off your Loan on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all Loan payments, and any other payments, that we did not process between the date we prepared the Loan payout statement and the Statement Effective Date.

After the end of the fifth year of your Mortgage

If the term of your Loan is greater than five years and you are not a corporation, you may prepay the entire outstanding Principal Amount of the Loan at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at the interest rate set out in the schedule to the registered document for the Loan.

Before the end of the fifth year of your Mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the Mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepayment charge calculation
(applies ONLY if you have a Fixed Rate Loan)

If you want to prepay more than the 20% allowed in any Mortgage Year, a prepayment charge will apply.

This prepayment charge will be payable in addition to regular interest at the rate specified in your Mortgage. The prepayment charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual Loan interest rate on the date of prepayment (plus any discounts you received on your existing annual Loan interest rate); or

- the interest rate differential amount.

If you are making a **partial** prepayment of the Loan Amount (that is more than the 20% allowed in any Mortgage Year), the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your Loan. The interest costs are calculated at your existing annual Loan interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your Loan. Use the chart below to find out what interest rate would be used in calculating the reinvestment rate:

If the length of time between the prepayment date and the maturity date of your Loan is:	We will use the posted interest rate charged by us on the date of prepayment for:
Less than 9 months	FirstLine Mortgages Auto 6 Plus mortgages
9 months or greater and less than 18 months	FirstLine Mortgages Auto 12 Plus mortgages
18 months or greater and less than 30 months	2 year FirstLine Mortgages Matrix Fixed Rate Loans
30 months or greater and less than 42 months	3 year FirstLine Mortgages Matrix Fixed Rate Loans
42 months or greater and less than 54 months	4 year FirstLine Mortgages Matrix Fixed Rate Loans
54 months or greater and less than 78 months	5 year FirstLine Mortgages Matrix Fixed Rate Loans
78 months or greater and less than 102 months	7 year FirstLine Mortgages Matrix Fixed Rate Loans
102 months or greater and less than 150 months	10 year FirstLine Mortgages Matrix Fixed Rate Loans
150 months or greater and less than 180 months	15 year FirstLine Mortgages Matrix Fixed Rate Loans

If you are prepaying **all** of the outstanding Loan Amount, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from your last scheduled regular Loan payment date which falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your Loan. The interest costs are calculated at your existing annual Loan interest rate (plus any discount you received on your existing annual Loan interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from your last scheduled Loan payment date that falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your Loan. Use the chart below to find out what interest rate would be used to calculate the reinvestment rate.

If the length of time between the statement effective date and the maturity date of your Loan is:	We will use the posted interest rate charged by us on the date the Loan payout statement is generated for:
Less than 9 months	FirstLine Mortgages Auto 6 Plus mortgages
9 months or greater and less than 18 months	FirstLine Mortgages Auto 12 Plus mortgages
18 months or greater and less than 30 months	2 year FirstLine Mortgages Matrix Fixed Rate Loans
30 months or greater and less than 42 months	3 year FirstLine Mortgages Matrix Fixed Rate Loans
42 months or greater and less than 54 months	4 year FirstLine Mortgages Matrix Fixed Rate Loans

If the length of time between the statement effective date and the maturity date of your Loan is:	We will use the posted interest rate charged by us on the date the Loan payout statement is generated for:
54 months or greater and less than 78 months	5 year FirstLine Mortgages Matrix Fixed Rate Loans
78 months or greater and less than 102 months	7 year FirstLine Mortgages Matrix Fixed Rate Loans
102 months or greater and less than 150 months	10 year FirstLine Mortgages Matrix Fixed Rate Loans
150 months or greater and less than 180 months	15 year FirstLine Mortgages Fixed Rate Loans

Prepayment charge calculation
(applies ONLY if you have an Adjustable Rate Loan)

If you want to prepay more than the 20% allowed in any Mortgage Year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 20% allowed in any Mortgage Year. The interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding Loan Amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the Mortgage payout statement.

4.11 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.12 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your Mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.13 Date of the Mortgage

You agree that for purposes of defining the date of the Mortgage for any statutory right of prepayment, renewal or early renewal, the date of the Mortgage is the Interest Adjustment Date shown in the registered document. This is the case even if the Mortgage or renewal agreement or early renewal agreement was signed on a different date.

5. Payments on the Line of Credit Amount

5.1 Currency and place of payment

You will pay the Line of Credit Amount to us in Canadian dollars at the address shown on the registered documents.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

5.2 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes and any other optional services you have selected when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your Mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your Loan, or add these fees to the Line of Credit Amount, or do both.

5.3 *Regular payments*

Until we demand payment of the total Line of Credit Debt, you must make regular monthly payments of interest only on the Line of Credit Amount. The minimum payment is $50 plus service charges. If the Line of Credit Amount is less than $50, you must pay the entire Line of Credit Amount together with applicable services changes on the next Line of Credit payment date.

5.4 *Additional payments*

You can make additional payments on the Line of Credit Amount at any time.

5.5 *Monthly statements*

For your information and convenience, monthly statements dated the 18th day of each month will be made available to you showing the required payment on the Line of Credit for the period covered by the statement. Each monthly payment is due 21 days after the date of the statement, whether or not you have accessed or received your monthly statement. If the payment due date is a holiday or weekend, the payment may, at our option, be processed on the next business day.

You must report any errors or omissions on the monthly statement to us, in writing, within 30 days of the date of the statement. After that 30th day, the monthly statement will be final (except for any improper credits), and you may not make any claims against us in connection with the monthly statement.

You must report to us immediately if your cheques or any card you use to access your Line of Credit are lost or stolen, or if you suspect that they have been lost or stolen.

5.6 *How we apply your payments*

We may apply any money that we get to reduce your Line of Credit Debt as we see fit (unless you and we sign an agreement to the contrary) and any credit balance may, at our option, be applied to any other part of the Total Debt in the order shown in section 4.7 above.

5.7 *Demand for payments*

We may demand that you repay the total Line of Credit Amount at any time. If we do this, we will make demand either by delivering the demand to you personally or mailing it (by first class mail) to the address shown in our records. You will be considered to have received the demand letter on the date of delivery or the fifth day after we mail it.

Your giving us this Mortgage does not prevent us from using any other means to obtain repayment of the Line of Credit Debt.

5.8 *If you fail to make a payment when it is due*

If at any time you do not pay any amount due under the Mortgage (whether for the Line of Credit or the Loan) or fail to meet any of your obligations under the Mortgage, we may, at our discretion:

- refuse to advance any further credit under the Line of Credit;
- refuse any withdrawal on the Line of Credit;
- cap the Line of Credit Amount; and
- convert the Line of Credit Amount into the Loan.

If a withdrawal would exceed the Principal Amount less the Loan Amount we may refuse the withdrawal on the Line of Credit or require immediate repayment of the amount that is more than the Principal Amount less the Loan Amount.

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If you do not make a payment when it is due or do not meet any of your obligations in this Mortgage, in addition to interest, we may impose charges for the purpose of recovering any reasonable costs we incur for the following:

- for legal services retained to collect or attempt to collect the payment;
- in realizing on any security interest or in protecting such security interest, including the cost of legal services retained for that purpose; and
- any service charges.

You must pay us these amounts immediately. If you do not, we may: (i) declare that you are in default on your Line of Credit, or (ii) add these amounts to the Line of Credit Amount, or (iii) do both.

5.9 *Service Charges*

You will pay applicable service charges relating to your Line of Credit. Service charges may be changed from time to time and will be reflected on your monthly statement.

6. Re-advances of the Loan

At your request, we may from time to time re-advance any amount of the Initial Loan Amount which has been repaid by you to us. Any re-advance is at our sole discretion.

Any re-advance, when taken together with the Loan Amount outstanding immediately before the re-advance is made, cannot be more than the Initial Loan Amount. Also, at any given time, the Total Debt cannot be more than the Principal Amount.

All of the terms and conditions of the Mortgage will apply to all amounts re-advanced under the Loan.

If the re-advance causes the amortization period of the Loan to increase beyond the amortization period remaining immediately before the re-advance, we may require that you increase the amount of your regular Loan payments.

7. Early renewal of the Loan
(applies ONLY if you have a Fixed Rate Loan)

If the Mortgage is amended to extend the Loan term, the date of the Mortgage for the purpose of any rights of prepayment will be the first day of the last extension of time. All of the prepayment conditions stated in these Standard Charge Terms will continue to apply.

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your Mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the Mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the Mortgage;
- you must apply to us in writing;
- you must select from the Matrix mortgage options that we offer under the FirstLine Mortgages brand at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the Loan interest rate will be the interest rate that is in effect for the Matrix mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us applicable prepayment charges as if the Loan Amount is prepaid in full at the time of the early renewal;
- you must pay us any accumulated interest that results from a change in the frequency of your regular Loan payments, as well as any deferred interest; and

- you must pay all legal expenses related to the early renewal of your Mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may: (i) declare that you are in default on the Mortgage, or (ii) add these amounts to the Loan Amount or Line of Credit Amount, or (iii) do both.

8. Converting your Loan

(applies ONLY if you have an Adjustable Rate Loan)

If you have met all of your obligations under the Mortgage you may convert your Adjustable Rate Loan into a Fixed Rate Loan, which will have the interest rate and terms that we offer to you at the time you convert.

The following conditions apply:

- you must apply in writing to our Mortgage Servicing Division. Your request for conversion must be signed by all borrowers and guarantors;
- we may require you to sign a mortgage conversion or amending agreement, which will contain all of the changed terms and conditions applicable to the Fixed Rate Loan;
- you will receive a discount of 0.30% per year or more below FirstLine's posted interest rate for the Fixed Rate Loan portion of a Matrix mortgage on the date of conversion. If we provide you with a conversion or amending agreement, the date of conversion will be set out in the agreement. Otherwise the date of conversion will be the date we receive your request for conversion signed by all borrowers and guarantors;
- the new payments at the new interest rate will begin on the first or second scheduled payment date following conversion, whichever we decide; and
- we will not charge you an administration fee for converting your Loan. However, you must pay us any applicable administration and processing fees, and any interest that results from a change in the frequency of your regular Loan payments, as well as any deferred interest. You must also pay all legal expenses related to the conversion documents and their registration, if applicable.

You must pay us all amounts related to converting your Loan immediately. If you do not pay them, we may declare that you are in default on the Mortgage, or we may add these amounts to the Loan Amount, or we may do both.

Once the Loan has been converted, the prepayment privileges of the original Loan will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement, whether or not you have signed it, and in the Mortgage Disclosure Statement that we will send you following conversion.

9. Automatic renewal of the Mortgage
(applies ONLY to the Loan)

You agree to either pay all money owing under the Mortgage on the maturity date or, if a renewal agreement has been provided, to return the signed renewal agreement on or before the maturity date. If you do not, the Mortgage will be considered to be renewed as a two year fixed rate Matrix mortgage with terms and conditions stated in the renewal agreement. The interest rate will be the posted interest rate for the term and with the terms and conditions stated in the renewal agreement.

10. Your obligations related to your property

10.1 Leases and Rents

You certify that your property is intended to be used as owner-occupied residential premises and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your

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property.

If you do not meet one or more of your obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the Total Debt immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the Loan Amount or the Line of Credit Amount. We have the right to decide whether to add these payments to the Loan Amount or the Line of Credit Amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property. We will be accountable for rent only when we actually receive it.

Nothing we do under this section will be considered as us taking possession of your property.

If you are not meeting one or more of your obligations under the Mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

10.2 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

10.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the Mortgage, or we may add these amounts to the Loan Amount, or we may do both.

10.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the Loan Amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the Mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us, and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your Mortgage, or add the amount to the Loan Amount, or Line of Credit Amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this Mortgage. You must pay all expenses related to this. You agree that if we produce the Mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this Mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the Loan Amount, or the Line of Credit Amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

10.5 Property taxes

On or before the Interest Adjustment Date, we may withhold from any advance under the Mortgage any amount we feel necessary to pay current or future taxes.

After the Interest Adjustment Date, and for so long as there is an amount outstanding on your Loan, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the Loan Amount or the Line of Credit Amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If there is no Loan Amount outstanding, you will not be required to pay property taxes to us. If there had previously been a Loan Amount outstanding and we had been collecting property tax payments from you and remitting them to the municipality, we will send a notice to you and the municipality advising that we will no longer be collecting and remitting property tax payments on your behalf, and you will be responsible for paying the property taxes directly to the municipality

If you do not meet any one or more of your obligations under the Mortgage, we may apply any money that we have received for property taxes to any portion of the Loan Amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to any portion of the Loan Amount or the Line of Credit Amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

10.6 Repairs

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property, or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may: (i) declare that you are in default on your Mortgage, or (ii) add the costs to the Loan Amount or the Line of Credit Amount, or (iii) do both.

10.7 Hazardous or illegal substances, environmental regulations, and illegal activities

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your Mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we enforce our rights under this section, we will not be considered to have taken possession, management or control of your property. This also applies to our agents.

10.8 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

10.9 Possession of your property on default

You certify to us that if you fail to meet any of your obligations under the Mortgage, we may take possession of your property without any encumbrances or interference.

11. Condominium

(applies ONLY to property that is a condominium unit)

11.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

11.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the Mortgage, or add these amounts to the Loan Amount or the Line of Credit Amount, or do both.

11.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

11.4 Voting rights

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

11.5 Acceleration of repayment of the Total Debt

At our option, the Total Debt will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 11.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

11.6 Insurance

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200817 ..... Date

certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the Total Debt whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

12. Our rights

12.1 We are under no obligation to make advances to you under the Mortgage

We may, for any reason, decide not to advance you all or any part of the Principal Amount, even if:

- you have signed this Mortgage;
- this Mortgage has been registered; or
- we have already given you part of the Principal Amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the Mortgage. These costs will include legal fees and expenses, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the Mortgage, or add them to the Loan Amount or the Line of Credit Amount, or do both.

12.2 Releasing your property from the Mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the Total Debt. Your obligations, and the obligations of any guarantor, under the Mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the Total Debt.

12.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the Mortgage or Total Debt, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property**. We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference. We will add any costs incurred to the Loan Amount or the Line of Credit Amount.

- **Appoint a receiver**. We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the Mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any encumbrances ranking in priority to the Mortgage in good standing;
    - interest owing under the Mortgage; and
    - all or any part of the Total Debt, whether it is due or not.
- **Sue you**. We may take any action that is necessary to collect the Total Debt.
- **Lease your property or collect rents**. If you are in default on the Mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the Mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the Mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the Total Debt. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the Total Debt in full, you must pay us the difference.
- **Power of sale**. If you are in default on the Mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale (after paying all costs and expenses) to reduce any part of the Total Debt. We will only be responsible for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the Total Debt in full, you must pay us the difference.
- **Foreclosure or sale**. We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the Total Debt, you must pay us the difference.
- **Cure any defaults**. We can cure any defaults under the Mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees and expenses will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the Mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

12.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the Mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this Mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the Mortgage;
- require payment of the Total Debt if you are in default; and
- require any other person, including a guarantor, who has obligations under the Mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this Mortgage, including any guarantor, to pay the total Total Debt.

12.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

12.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the Mortgage, including our right to receive interest as required by the Mortgage.

12.7 Doctrine of consolidation

The doctrine of consolidation will apply to the Mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

12.8 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your Mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the Loan Amount or the Line of Credit Amount. We will charge you interest on these fees at the Mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;

- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your Mortgage, or add these fees to the Loan Amount or the Line of Credit Amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available by contacting us.

12.9 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the Mortgage. Also, we can pay all expenses that we incur in collecting any payment under the Mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the Mortgage, or add these amounts to the Loan Amount or the Line of Credit Amount, or do both.

If you do not meet one or more of your obligations under the Mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this Mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the Mortgage, or add these amounts to the Loan Amount or the Line of Credit Amount, or do both.

Any payments we make under the Mortgage will be added to the Total Debt. We will charge you interest on these payments from the date we pay them at the interest rate for the Loan specified in the registered document. Any interest that accrues as a result of changes requested by you to frequency of payments or to the regular payment date for the Loan will be paid by you or added to the Loan Amount and charged interest at the rate for the Loan specified in the schedule to the registered document.

We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the Mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

If the sum of the Loan Amount and the Line of Credit Amount at any time exceeds the Principal Amount, we have the right to decide what part of the Loan Amount and what part of the Line of Credit Amount is secured by this Mortgage.

13. What happens if your property is sold or transferred

This Mortgage is not transferable. If you transfer title to your property to anyone, (this includes removing any current mortgagor(s)/guarantor(s) or adding new mortgagor(s)/guarantor(s)), or agree to do so, the Total Debt or such part of it as we specify will, at our option, immediately become payable in full. This will be considered a prepayment and will be subject to processing and administration fees including an administration fee as calculated under paragraph 4.10 on the Loan Amount at the time of the deemed prepayment. Accepting any payment(s) from any person will not mean that we have granted approval or that we have given up our right to require you to pay the Total Debt immediately.

14. Assumption of the Mortgage

This Mortgage cannot be assigned by you or assumed by any other person or persons. Any person dealing with this Mortgage is advised that only the borrower may access money under the Line of Credit. If, despite this, title to your property is transferred and money is accessed by you or by the transferee after the transfer, you and the transferee will be responsible together and individually for repayment of the Total Debt.

Any payment which we accept from any person other than you will not mean we have waived this paragraph which prohibits assignment of the Mortgage by you and assumption of the Mortgage by any one other than you.

15. Guarantee

Each person who signs the Mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the Total Debt as and when required by the Mortgage in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts; and
- to meet all other obligations of the borrower under the Mortgage.

Each guarantor agrees to this in return for us making the Loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the Mortgage. This means that each individual guarantor is responsible for meeting all obligations under the Mortgage, including payment of the Total Debt.

We may, at any time or times do any of the following, without notifying any guarantor, and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the Mortgage; and
- deal with any other matter affecting the Mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

16. Portability

If you have met all your obligations under the Mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arms-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That

is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arms-length."

- On the date you complete the sale of your original property, an amount sufficient to pay the outstanding Total Debt, interest to the date of the new mortgage, any amount available under the Line of Credit, even if it is not advanced and any prepayment charges and administration fees due under this Mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not registered within 90 days, we will apply the amount held by us to prepay the Mortgage in full, including any prepayment charges and administration fees that may apply.
- You will continue to make regular payments under this Mortgage.
- The Mortgage must be transferred to the new property without any changes in outstanding balance, interest rate, and terms and conditions described in these Standard Charge Terms.
- Our mortgage approval criteria and requirements for documentation in effect at the time you make your application will apply and must be met. You will be responsible for paying all administration and processing fees, all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

17. Expropriation

If your entire property is expropriated, the Total Debt will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the Loan Amount or the Line of Credit Amount, whichever we choose. If, in our opinion, the remainder of your property does not provide adequate security for the Principal Amount, then the Total Debt, or any part of the Total Debt as we determine, will immediately become due and payable, plus any loss of interest.

18. *Family Law Act*

You certify to us that all information that you gave us about your marital status and your property when applying for the Mortgage, and the statements made in the registered documents are true and accurate under the *Family Law Act*.

19. If part of the Mortgage is not valid

If any part of the Mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the Mortgage will not be affected.

20. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the Mortgage.

21. Reference to laws

Any reference to legislation in the Mortgage includes amendments and replacements to that legislation in force from time to time.

22. Electronic, written and oral communications

If more than one person signs the Mortgage as borrower we can rely on communications we receive from any one of you, whether these communications are received electronically, in writing, orally or otherwise. This means, these communications from any one of you will be considered to be communication from all of you.

Cheques written by any one of you will be considered to have been authorized by all of you.

In addition, communications from us to any one of you, whether these communications are delivered electronically, in writing, orally or otherwise, will be considered to be communication to all of you. Items mailed to you will be considered to have been received by you on the fifth day after mailing.

23. Collecting, Using, and Disclosing Your Personal Information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your Mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this Mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, insure, maintain and collect upon your Mortgage, and we may disclose your personal information, including information about your mortgage, to credit reporting agencies. We will also use and disclose your personal information according to Firstline's privacy policies which are outlined in Firstline's brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting us or visit www.firstline.com.

You agree that we may enter into this Mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this Mortgage to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this Mortgage. You also agree that we may insure this Mortgage with CMHC or other mortgage insurer approved by us from time to time. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the Mortgage and to any mortgage insurer. If the mortgage is insured, the insurer may obtain a credit report and other information about you from any credit bureau, credit reporting agency and/or from us. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the Mortgage; or
- provides services or benefits to you under the Mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your Mortgage application, and ongoing information and documentation about you and your Mortgage sufficient for the beneficial owner, agent, assignee and service provider to administer the Mortgage and exercise their rights under it.

24. Discharge

After you have paid us the Total Debt, if you ask us for a discharge, we will sign a discharge and send it to you within a reasonable time. We have the right to refuse a discharge of this Mortgage until any charges or returned cheque amounts that arise after the discharge statement is prepared are paid.

For purposes of calculating per diem interest, funds received after 3:00 p.m. on any business day will be considered to be received on the next business day.

You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses. You will pay us these fees whether the discharge is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge on the title to your property and to pay the registration fee. If electronic registration is available for your Mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so we will send you or your lawyer confirmation that the discharge has been registered.

Appendix 1
Equivalent Interest Rates

If the interest rate specified in your Mortgage is compounded monthly not in advance, you may determine the equivalent interest rate compounded semi-annually not in advance by referring to the table below

MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY	MORTGAGE RATE COMPOUNDED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE COMPOUNDED HALF-YEARLY
1.000	1.00209	**9.000**	9.17045	**17.000**	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	18.55403
2.000	2.00835	**10.000**	10.21066	**18.000**	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49786
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028

DATED at Toronto, this 3 day of ~~August~~ SEPTEMBER, 2008

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200817 ...... Cote

Patricia Knight
Solicitor for CIBC Mortgages Inc

Land Registration Reform Act Ontario

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200818 Code
Filing Date Sept. 16th 2008 Date de Dépôt
Page 1 of/de 16 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filing No.

(Collateral Mortgage)

filed by – Citibank Canada

STANDARD CHARGE TERMS

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STANDARD CHARGE TERMS

This set of STANDARD CHARGE TERMS shall be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in section 9 of the above Act.

1. Definitions

In this set of Standard Charge Terms:

(a) **Business Day** means any day except Saturday, Sunday, statutory holiday or bank holiday in Ontario.

(b) **Charge** means the Charge Form, any schedules attached to it and this set of standard charge terms.

(c) **Charge Form** means the charge/mortgage of land (Form 2) made pursuant to the *Land Registration Reform Act* (Ontario), as amended (the **"Land Registration Reform Act"**) from you and that refers to these Standard Charge Terms.

(d) **Costs** means servicing fees and expenses to cover our reasonable time and costs for administration of this Charge including without limitation, a fee or allowance and our expenses of and incidental to:

(i) the preparation, execution and registration of this Charge and any other instruments;

(ii) the collection, enforcement and realization of the security contained in this Charge;

(iii) preparing each assumption, arrears, reinstatement, discharge or other mortgage statement, whether provided to you, our agents or solicitors or any other interested person;

(iv) processing for restructuring or other amendment of the Charge or amounts secured by the Charge, whether or not completed;

(v) investigating status of any insurance and administering insurance cancellations and paying insurance premiums;

(vi) investigating status of realty tax payments and administering tax payments;

(vii) registering a financing statement or financing change statement or issuing or receiving any notice or information, security status or acknowledgement or request and conducting any required searches;

(viii) registering electronically or otherwise or executing and delivering any discharge of this Charge (notwithstanding that the discharge may have been prepared by you or other person on your behalf);

(ix) the personal time and trouble of our employees or agents in collecting any payment or inquiring into compliance or otherwise reviewing or dealing with or enforcing any other obligation contained in this Charge or instructing and assisting counsel or other agents with respect to the enforcement of this Charge and any litigation in relation thereto or in managing or selling the Property including, without limitation, with respect to taxes, condominium fees and matters, insurance, repairs and construction, environmental matters, leases and other encumbrances;

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(x) any inspection required to be made of the Property;

(xi) the examination of the title to and valuation of the Property; and

(xii) generally, any matter connected with the proper administration of the Mortgage.

Costs and fees as set out above or as otherwise provided herein or elsewhere shall (1) extend to and include legal costs incurred by us on a substantial indemnity basis; (2) be payable immediately by you upon demand; (3) be secured by this Charge; and (4) shall bear interest at the Interest Rate from the date incurred or calculated by us. Our servicing fees shall be the amounts established and generally applied by us from time to time and may be disclosed in a Schedule to this Charge or ascertained upon inquiry to us.

(e) **Default** means any of the events or circumstances listed in section 15.

(f) **Guarantor** means each person, if any, described as Guarantor in this Charge.

(g) **include** or **including** mean include or including, in each case without limitation.

(h) **Indebtedness** means all present and future indebtedness, liabilities and obligations of any kind whatsoever and however incurred (including under this Charge) of you in favour of us (including those in favour of Citibank Singapore Limited), and whether direct or indirect, absolute or contingent, matured or unmatured, and including Costs and any make-whole amount and any interest that, but for any filing made relative to you under the provisions of any applicable bankruptcy or insolvency statute, would accrue on any such indebtedness, liabilities and obligations, and any ultimate unpaid balance of all of the above items.

(i) **Interest Adjustment Date** means the date set out in the Charge Form as the date on which the Charge term begins, and interest starts accruing.

(j) **Interest Rate** means the Interest Rate set out in the Charge Form.

(k) **Mortgage** means to give, permit or suffer a mortgage, charge, security interest, lien or other encumbrance with respect to your Property.

(l) **Permitted Encumbrances** means those encumbrances affecting the Property the existence of which has been agreed to in writing by us.

(m) **Principal Amount** means the Principal Amount set out in the Charge Form.

(n) **Property** means the property or any part of the property described as the property in the Charge Form or any Schedule attached to it and any buildings on the property described in this Charge and any other property that is at any time attached or fixed to the land or buildings or placed on and used in connection with them. Any additions, alterations and improvements to the buildings are also covered by this Charge.

(o) **Taxes** mean all taxes, rates, assessments and local improvement charges whether municipal, local, and parliamentary or otherwise that may be rated, assessed or charged against the Property.

(p) **Transfer** means (a) to transfer, sell or otherwise dispose of (directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise) any registered or beneficial interest in your Property (or any part of it); or, (b) if you are a corporation, to change in the effective voting control of any person or entity comprising you (or any beneficial or unregistered owner of any part of the Property) from what it was when the first Indebtedness was were advanced (including any change of ownership of 50% or more of the voting securities representing an interest in any such person or entity).

(q) **Transferee** is a person or other entity to whom a Transfer or Mortgage is made.

(r) **We, our** and **us** mean Citibank Canada, the chargee, and shall extend to and include our successors and assigns, and any person who acquires the interest of Citibank Canada under this Charge or for whom Citibank Canada may, from time to time, hold this Charge.

(s) **You** and **your** mean each person who has signed this Charge as Chargor and shall extend to and include your heirs, executors, administrators, successors and assigns.

2. Collateral Security.

(a) Collateral Security - The Charge is given by you as general and continuing collateral security for the due payment and performance of the Indebtedness. Despite this, nothing contained in the Charge shall in any way affect or prejudice any right that we have independently of the Charge to recover the Indebtedness from you. If the Indebtedness exceeds the Principal Amount, we may determine what part of the Indebtedness is secured by the Charge and what part is not so secured.

(b) Revolving - This Charge, whether or not it secures a revolving or fluctuating balance, is continuing collateral security, whether or not there is any change in the amount, nature or form of the Indebtedness, in any accounts relating to the Indebtedness or in any documents (such as promissory notes) representing any of the Indebtedness, or if the Indebtedness is reduced to zero at any time.

(c) Application of Payments - We may apply any payments you make in respect of the Indebtedness as we determine (except as you and we may, in writing, otherwise agree).

(d) Extensions Etc. - We may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with you and with other persons and other security as we may determine, without prejudice to our rights under the Charge to recover the Indebtedness.

(e) Additional Security - This Charge is in addition to and does not replace or affect any other security that we may hold (now or later) for any of the Indebtedness. If we obtain judgment against you, that will not operate as a merger; in other words, we will be able to rely upon our rights under both the judgment and this Charge.

3. Your Covenants and Warranties

You covenant and warrant to and with us that:

(a) You will pay us the Indebtedness on demand. However, we will not make such demand unless a Default has occurred;

(b) You will pay to us the Indebtedness, on the days and at the times and in the manner set out in this Charge, without abatement, set-off or counterclaim. Should you make any claim against us either initially or by way of abatement, set-off or counterclaim, you agree that any such claim by you will not diminish or delay your obligations to make the payments as provided in this Charge and any such claims by you will not delay the exercise of any remedy and not be a defence to any claim by us against you under this Charge. You will faithfully do, observe, perform, fulfil and keep all covenants, provisos, stipulations, conditions and agreements contained in this Charge;

(c) You have (unless you have a leasehold title to the Property) good and marketable title in fee simple to the Property subject only to Permitted Encumbrances;

(d) You will preserve your title to the Property and the validity and first priority of this Charge and you will forever warrant and defend the same for us against the claims of all persons;

(e) You have the right to charge the Property to us;

(f) From and after Default, we shall have the lawful right peaceably and quietly to enter into possession of the Property and to have, use, occupy and enjoy the same without any objections or further permission, consent or action from you;

(g) You will, before or after Default, execute any further documents and do such other acts, at your own expense, as we may reasonably require;

(h) You release to us all of your right, title, interest and claim to the Property subject to your entitlement to obtain a discharge as provided for in section 33 of this Charge;

(i) You agree to assign to us immediately upon request, as additional security for payment of the Indebtedness and the performance of the covenants in this Charge any present or future lease which may be granted by you as to the whole or any portion of the Property and agree to deliver to us executed copies of all such leases at our written request. You covenant to perform and comply with all lessor's covenants contained in any leases assigned by you to us. Notwithstanding the assignment or assignments of any lease or leases by you to us, it is declared and agreed that none of our rights or remedies under this Charge shall be delayed or in any way hindered or prejudiced by such assignment or assignments; and

(j) You certify to us that all information that you have given to us in incurring the Indebtedness about your marital status and about your Property being or not being a matrimonial home, and the statements made in the Charge Form, was and is completely true.

4. Administration Fees

You agree to pay to us, when due or upon our demand for payment, whichever is earlier, our then current administration and processing fees in connection with the preparation of any amending or other agreement, statements for information purposes, replacement cheques where payment has been refused due to insufficient funds or for any reason in respect of the administration of this Charge and add such fees, if unpaid, to the Indebtedness, which unpaid fees will bear interest at the rate required by this Charge.

5. Interest and Security for Fees and Costs

All Costs, allowances and expenses shall be secured by this Charge, shall bear interest at the Interest Rate from the date incurred or calculated by us and shall be payable by you forthwith on demand.

6. Additional Covenants if Property is a Leasehold Interest

You covenant with us that:

(a) You have a good and valid leasehold title to the Property subject only to Permitted Encumbrances;

(b) You have a right to charge and sublet the leasehold title to the Property to us in the manner provided in this Charge and, if required, have obtained the lessor's consent to this Charge;

(c) Neither you nor any other person has previously made, done, committed or suffered any act to encumber the lease or any part of it except prior registered encumbrances (to which we have agreed in writing);

(d) The lease is a good, valid and subsisting lease and has not been surrendered, forfeited or amended or become void or voidable and the rents and covenants reserved have been duly paid and performed by you;

(e) So long as this Charge remains undischarged, you will not amend, surrender or modify the lease without our written consent and you will pay the rent reserved by the lease and perform and observe the covenants, provisos and conditions contained in the lease and on the lessee's part to be performed and observed and you agree to keep us indemnified against all actions, claims and demands in respect of the said rent, covenants, provisos and conditions; and

(f) You will stand possessed of the last day of the term or of any renewal term granted by the lease in trust for us, and will assign and dispose of such last day as we may direct, but subject to the same right of redemption and other rights as are given to you with respect to the derivative term granted by this Charge.

7. Additional Covenants if Property is a Condominium Unit

The following provisions apply to any condominium unit that is part of the Property. In this Charge, the Condominium Act (Ontario) as amended or re-enacted is called the **"Act"**. Expressions used in provisions of this Charge dealing with a condominium unit, which are the same as those in the Act have the same meaning as those in the Act, except that the expression **"condominium property"** has the same meaning as the word **"property"** in the Act.

(a) You will comply with the Act and the declaration, by-laws and rules of the corporation. You will provide us with proof of your compliance from time to time as we may request.

You will forward to us copies of any notices, assessments, by-laws, rules and financial statements of the corporation. You will provide us, on request, with any other documents and information that you receive from the corporation or are entitled to receive. You will maintain all improvements made to your unit and repair them after damage.

(b) You will insure all improvements which you or the previous owners have made to your unit and insure your common or other interest in buildings which are part of the condominium property or assets of the corporation, if the corporation fails to insure the buildings as required by the Act and the declaration, by-laws and rules of the corporation. These obligations are in addition to your obligations in this Charge as to insurance under the heading **Insurance for the Property** as far as they apply to a condominium unit.

(c) You hereby assign to us and authorize us to exercise your rights under the Act to vote and to consent. If we do not exercise your rights, you may do so, but you will do so according to any instructions as we may give you. We may at any time revoke any arrangement we make for you to vote or to consent. You also authorize us to inspect the corporation's records. Nothing done under this paragraph puts us in possession of the Property.

(d) If you do not comply with the Act and the declaration, by-laws and rules of the corporation, we may comply with them and charge our costs of doing so to you as an additional amount secured under this Charge, which amount shall become due and be paid to us immediately after demand by us. If we exercise our right to pay common expenses, we can accept statements that appear to be issued by the corporation as conclusive evidence of the amount of those expenses and the dates they are due. You will pay us on demand, as additional amounts secured under this Charge, our expenses in relation to any by-law, resolution, rule or other matter (other than one for which only a vote of the majority present at the meeting is required), the enforcement of our right to have the corporation or any owner comply with the Act and the declaration, by-laws and rules of the corporation and our exercising any voting rights we may have.

8. Strata/Condominium Provisions

(a) **Strata/Condominium Provisions**. This section 8 applies if the Property is or becomes a strata/condominium or strata property created under the applicable laws. You will comply with this section 8 in addition to all other terms of this Charge and applicable laws.

(b) **You Will Obey Strata/Condominium Rules**. You will perform all of your obligations as a strata/condominium owner under the applicable laws and the declaration, bylaws, rules and regulations of the strata/condominium corporation (the **"Constituting Documents"**) and will pay all money owed by you to the strata/condominium Corporation.

(c) **Insurance**. You will cause the strata/condominium Corporation to insure the Property and the common property (or common elements), in accordance with the applicable laws. In addition, we agree that the provisions of the applicable laws regarding the insurance proceeds will prevail notwithstanding section 9.

(d) **Copies of Documents**. At our request, you will give us copies of all notices, financial statements and other documents given by the strata/condominium Corporation to you.

(e) **Strata/Condominium Expense Default**. Where you default in the obligation to contribute to the administrative expenses assessed or levied by the strata/condominium corporation, or any authorized agent on its behalf, or any assessment, instalment or payment due to the strata/condominium corporation or upon breach of any covenant or the provisions herein before in this section 8 contained, regardless of any other action or proceeding taken or to be taken by the strata/condominium corporation, we, may at our sole option and discretion and without notice to you:

- (i) pay such expenses or levies and add any such payments to the amounts secured under this Charge and such amounts will bear interest according to the terms of this Charge; or
- (ii) deem such default to be a Default under this Charge; or
- (iii) Upon Default and notwithstanding any other right or action of the Strata/condominium Corporation or of us, we may distrain for arrears of any assessments, instalments or payments due to us or arising under this provision.

(f) **We Are Not Responsible**. Nothing done by us under this section 8 will make us a mortgagee in possession.

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9. **Insurance for the Property**

So long as this Charge remains undischarged, you will cause the Property to be insured by an insurer satisfactory to us and under a policy satisfactory to us to an amount of not less than the Principal Amount; PROVIDED that if the Principal Amount is greater than the insurable value of the buildings and improvements on the Property, the insurance need not be in any greater amount than such insurable value. You will also arrange insurance against any risks for which we require you to obtain insurance but in any event against the perils and extended perils usually covered in fire insurance policies, including but not limited to loss or damage by explosion, tempest, tornado, cyclone and lightning. If there is a boiler or other pressured vessel or a sprinkler system in those buildings, the insurance to be obtained by you must cover loss or damage caused by the boiler or other pressured vessel and equipment operated by it or caused by the sprinkler system. If we think it is necessary, we can require you to cancel any existing insurance on the Property and provide other insurance, which meets our approval. You will assign any insurance you have on the Property, or the proceeds of that insurance, to us at our request. You must give us proof that you have obtained the insurance you are required to obtain and you must, at least 10 days before any insurance expires or is terminated, give us proof that you have arranged for such insurance to be renewed or replaced. If you fail in any way to comply with these obligations, we may (but we are not obliged to) obtain insurance on your behalf and charge the amount of any premium to you as an additional amount secured under this Charge and shall be payable forthwith upon demand. If loss or damage occurs, you will provide us with all necessary proofs of claim and do everything else necessary to enable us to obtain payment of our interest in the insurance proceeds. You irrevocably appoint our President, Secretary or any Vice-President (with power of substitution) as your authority to sign on your behalf any documents required or to endorse on your behalf any cheques issued by any insurer with respect to any policy of insurance with respect to all or any part of the Property. Insurance proceeds may, in whole or in part, exclusively at our option, be used to rebuild or repair damaged buildings or be used to reduce all or part of the Indebtedness. You must, when requested by us, deliver to us any policy of insurance on the Property. Each policy of insurance shall contain loss payee clauses in a form satisfactory to us. You assign as additional security for your obligations under this Charge all interest in or under any insurance of any kind affected with respect to the Property and the proceeds thereof, whether or not placed in accordance with the requirements of this Charge.

10. **Payment of Property Taxes**

(a) You will pay all Property Taxes on or before the date on which payment of the same shall be due.

(b) You will give us annually, as well as upon request, a receipt issued by the appropriate property tax office showing that all the property Taxes due have been paid.

11. **Payment of Other Encumbrances**

You will also pay all charges, mortgages, liens and other encumbrances on the Property when they are due and comply with your other obligations under them. If you do not pay any Taxes, charges, mortgages, liens or other encumbrances when they are due, we may (but we are not obliged to) pay them and charge to you the amount paid as an additional amount secured under this Charge, which amount shall be payable forthwith upon demand, and in default of payment, the Indebtedness shall, at our option, become immediately due and payable.

12. **Repair and Maintenance of Property**

You will maintain the Property in good order, condition and repair and will promptly make all necessary repairs, renewals, replacements, additions and improvements. You will not commit waste and will not remove, demolish or materially alter the Property or any part of it without our prior written consent. We may, whenever we feel it necessary, either by ourselves or by our agent enter upon and inspect the Property and you shall pay the Costs associated with such inspection. If you, or anyone claiming under you, neglect to keep the Property in good condition and repair, or commit any act of waste on the Property, or do anything by which the value of the Property is diminished, as to all of which we shall be sole judge, we may (but we are not obliged to) enter the Property and effect such repairs or work as we consider necessary, and all amounts expended by us and our Costs of entering and effecting such repairs or work shall be charged to you as an additional amount secured under this Charge and shall be payable forthwith upon demand.

13. **Obligations if Improvements Made**

If any improvement (which includes construction, alteration, repair and demolition) is made to the Property, you must inform us in writing immediately if it has started, and if otherwise, before it is started. You covenant with us that if you fail at any time for a period of 10 days to diligently carry on the work of construction of any building of buildings being or to be erected on the Property, or without our consent in writing, you depart in such construction from any plans and specifications which must be approved by us, or from the generally accepted standards of construction in the locality of the Property, or you permit any construction or other lien to be registered against the Property for any period exceeding 30 days, we may at our option at any time (but we are not obliged to), through our agents or contractors, enter the Property and have exclusive possession of the Property and of all materials, plant, gear and equipment on the Property, free of interference from or by you and complete construction of the building or buildings either according to the said plans and specifications, or according to other plans, specifications or design as we in our absolute discretion shall elect. All amounts expended by us and our Costs of entering and effecting such construction or work shall be charged to you as an additional amount secured under this Charge and shall be payable forthwith upon demand.

14. Delay in Enforcement of Our Rights

No delay or extension of time granted by us to you or any other person in exercising the enforcement of any of our rights under this Charge nor any other agreement between you and us shall affect our rights to:

(a) receive all payments you are obliged to make to us, when they are due and payable;

(b) demand that you repay the Indebtedness which is due and payable, together with all Costs, fees and expenses payable hereunder or elsewhere, on any Default by you;

(c) have you comply with all of your obligations to us under this Charge; or

(d) have any other person comply with the obligations that person has to us under this Charge.

15. Occurrences of Default

You will be in default under this Charge upon the happening of each and every of the following events:

(a) if you default in the payment of the Indebtedness or any other amount secured by this Charge, when such amount becomes due under the terms of this Charge or as elsewhere provided, for any other amount secured by this Charge;

(b) if you default in the observance or performance to us of any covenant or obligation that you have agreed to observe or perform under this Charge or elsewhere;

(c) if you Transfer or Mortgage the Property or any interest in the Property without our consent in writing, or without our approval of the person who acquires your interest in writing;

(d) if an application in bankruptcy is filed against you, if you make a general assignment for the benefit of your creditors, be adjudicated a bankrupt, or if a receiver, interim receiver, monitor or similar person is placed or is threatened to be placed in control of or for overview of your affairs or Property, or in our opinion, you become insolvent;

(e) if a construction or similar lien is registered against the Property or if default occurs under any other lien, charge or other encumbrance existing against the Property, which default is not cured within the time provided under such lien, charge or encumbrance; or

(f) If we, for any reason, determine ourselves to be unsecured with respect to the indebtedness.

16. Acceleration on Default

If at any time you should be in Default under this Charge, then the Indebtedness shall, at our option, become due and payable immediately.

17. Remedies on Default

(a) **Power to Lease or Sell Property** If you shall have committed a Default under this Charge, this Charge shall be immediately enforceable (without thereby declaring the Principal Amount and other amounts secured by this Charge immediately due and payable unless we have in writing declared the same due and payable) and we may realize upon our security and enforce our rights (without the further necessity of notice or demand to you except as specifically required by any term of this Charge or by any applicable statute) and the Indebtedness, costs, fees, expenses and the other amounts secured by this Charge shall become immediately due and payable.

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(b) On default of payment for at least fifteen (15) days we may, on at least thirty-five (35) days' notice in writing given to you, enter on and lease or sell the Property. Such notice shall be given to such persons and in such manner and form and within such time as provided by law. If the giving of the notice is not required by law or to the extent that such requirements are not applicable, it is agreed that the notice may be effectually given by leaving it with a grown-up person on the Property, if occupied, or by placing it on the Property, if unoccupied, or at our option, by mailing it by registered mail addressed to you at your last known address, or by publishing it once in a newspaper published in the county or district in which the Property is situated; and such notice will be sufficient although not addressed to any person or persons by name or designation; and notwithstanding that any person affected by it may be unknown, unascertained, or under disability.

(c) It shall and may be lawful for us in addition to any other right or remedy available to us, to enter into possession of the Property and take the rents and profit from the Property, or to lease or sell and absolutely dispose of the Property or any part thereof and we shall not be responsible for any loss which may arise by reason of any such occupancy or sale or lease unless such loss shall happen by reason of our wilful neglect.

(d) If we elect to sell the Property or any portion of the Property, we may sell the Property in accordance with the following:

(i) we may cause the sale to be held by public auction or by private contract or partly by public auction and partly by private contract;

(ii) the sale may be conducted immediately upon the expiration of any redemption or reinstatement period required by law or at any time thereafter and we may delay the sale for such period of time as we consider to be in our best interest;

(iii) should more than one sale be desired, the sales may be conducted simultaneously or successively, on the same day or on different days or times and in any order as we consider to be in our best interest;

(iv) the sale shall be for such price as can be reasonably obtained and on such terms as to credit and otherwise and with such conditions of sale as we shall, in our discretion, consider proper and in the event of any sale for credit or cash or for part cash and part credit, we shall not be accountable for or be charged with any monies until actually received by us;

(v) we may rescind or vary any contract or sale and may buy-in and re-sell the Property or any part of the Property without being answerable for any loss occasioned by such rescission;

(vi) any person, including us, may bid on, tender for or purchase the Property at the sale;

(vii) upon any sale, we shall have the right to convey and transfer the Property to the purchaser and to execute and deliver to the purchaser or any person to whom he may direct, a deed or transfer of the Property and to do all such acts and things as may be necessary for the purpose of completing the sale;

(viii) no purchaser shall be bound to enquire into the legality or regularity or propriety of the sale and upon the signing of the deed or transfer, the recitals of facts such as default under this Charge, the giving of notice of such default and notice of sale, shall be conclusive proof of the truthfulness of such matters, that such sale was regularly and validly made and any such deed or transfer shall be conclusive against all persons as to all matters and facts recited in the said deed or transfer; no lack of default or lack of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale under this Charge; or

(ix) we may sell without entering into actual possession of the Property and while in possession shall be accountable only for monies which are actually received by us and sales may be made by us from time to time of parts of the Property to satisfy any portion of the Principal Amount, interest and other amounts secured by this Charge, leaving the remaining Principal Amount, interest and other amounts secured under this Charge on the remainder of the Property, or we may take proceedings to sell and may sell the Property subject to the balance of the Principal Amount, interest and other amounts secured by this Charge not yet due at the time of such sale.

(e) If the Property is a leasehold interest, you irrevocably appoint us to be your attorney during the continuance of this security. In event of Default and on giving the notice contemplated in this Charge for you and on your behalf, we may assign the lease and convey the Property and the last day of the term granted by the lease as we shall at any time direct, and in particular, upon any sale made by us under the statutory power of sale or power of sale contained in this Charge, to assign the lease and convey the Property and the said reversion to the purchaser. We or any other person for the time being entitled to the Indebtedness may at any time, by deed, may remove you or any other person from being a trustee of the lease under the declaration of trust in this Charge and on the removal of you or any future trustee of the lease appoint a new trustee or trustees in your place.

(f) If the Property is a leasehold interest, you will, with respect to the lease, at our request, but at your cost, charge and expense, grant to us, or the person whom we may appoint, the last day of the said term previously excepted or any renewal or substituted term; and further, in the event that we make any sale under the power of sale you shall stand seized and possessed of the Property for the last day of the said term, and of any renewal or substituted term, and of all rights of renewal in trust for the purchaser or purchasers, his or their heirs, executors, administrators, successors and assigns.

Costs of Sale of Property - The Costs of any sale under this Charge, whether such sale proves abortive or not, incurred in taking, recovering or keeping possession of the Property, or in enforcing our remedies under this Charge, or by reason of non-payment, or in procuring payment of the Indebtedness shall be payable by you immediately as well after as before maturity, whether any action or proceeding has commenced or not.

18. Appointment of Receiver

We may appoint in writing a receiver (which term shall include a receiver and manager), of the Property or any part of the Property and of the rents and profits from the Property on any terms (including remuneration) that we think are reasonable. We may make the appointment even if we have taken possession of the Property. We may also, in writing, remove a receiver appointed by us and appoint a new receiver. The receiver is considered to be your agent and not ours and as such his defaults are considered your defaults and not ours. Nothing done by the receiver puts us in possession of the Property or makes us accountable for any money except money we actually receive.

The receiver has the right to use any legal remedy (taken in your name or our name) to collect the income from the Property; take possession of the Property; manage, operate, amend, repair, alter or extend the Property and any business conducted on the Property and maintain the Property in good condition; lease the Property, enforce any of our other rights under this Charge which we delegate to him; and borrow money on the security of the Property in priority to this Charge for these purposes. These rights and powers are supplemental to and not in substitution for any rights, which we may have from time to time.

We may take proceedings in any Court of competent jurisdiction for the appointment of a receiver (which term as used in this Charge includes a receiver and manager) of all or any part of the Property, and you hereby consent to a court order for such appointment. The provisions of section 17 with respect to a sale by us shall, to the extent applicable, apply to any sale by the Receiver.

19. Non-Interference

If, in enforcing our remedies, we take possession of the Property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person that the Property may be leased or sold to, and you will not make any claim against any person the Property may be leased or sold to.

20. Taking Possession of Abandoned Personal Property

We may distrain for arrears of any portion of the Principal Amount, interest and other amounts secured by this Charge. You waive the right to claim exemption and agree that we shall not be limited to the amount for which we may distrain.

You shall be deemed to have abandoned and to have released any interest in any furniture, appliances, household or personal belongings or other goods that remain on the Property for a period of 15 days after we or a receiver take possession of the Property. We may remove, store, dispose of or otherwise deal with such abandoned goods in such manner as we choose, and we shall not be liable to you for doing so. Any costs incurred by us in doing so shall be added to and form part of the Costs secured by this Charge.

21. Doctrine of consolidation (Cross-Default)

In the event that you at any time have any other charges outstanding with us including any that pre-date this Charge (the "**Other Security**"), then at our option, default under any such Other Security shall be deemed default under this Charge and conversely a default under this Charge shall be deemed default under the Other Security. Our rights hereunder shall in no way merge or be affected by any proceedings which we may take under the Other Security and we shall not be required to take the proceedings under the Other Security before proceeding under this Charge. Conversely, no proceeding under this Charge shall, in any way, affect our rights under any Other Security and we shall not be required to take proceedings under this Charge before proceeding under the Other Security.

22. Further Assurances if you are in Default

If you are in Default, you must execute any documents or assurances and do any other acts, at no expense to us, as we may reasonably require.

23. No Obligation to Advance

Neither the preparation, execution or registration of this Charge shall bind us to advance the Principal Amount, nor shall the advance of a part of the Principal Amount bind us to advance any other portion of the Indebtedness, but nevertheless the security in the Property shall take effect immediately upon execution of this Charge by you.

24. Environment Matters

(a) To the best of your knowledge and belief, after due inquiry and investigation, no part of the Property contains, has ever contained or will in the future, except as provided below, contain any hazardous substances;

(b) We may require that you obtain from time to time at your expense an environmental audit report on all or any part of the Property, which report shall be satisfactory to us;

(c) You agree that any activities, operations or storage on any part of the Property that may involve hazardous substances will only be undertaken after full disclosure to us and with our approval. Any such activities, operations or storage will be in accordance with Environmental Laws and Regulations. You will on reasonable request from time to time provide us with satisfactory evidence of such compliance along with copies of all current permits and licenses necessary for the lawful operation or storage on the Property. Without limiting the generality of the foregoing, no use of any part of the Property will be allowed which may cause or increase the likelihood of the escape, seepage, leakage, spillage, release or discharge of any hazardous substance on, from or under the Property or permit any policy of insurance in respect to the Property to be cancelled;

(d) You will promptly notify us as soon as you know of or suspect that any hazardous substance has been brought on to the Property or that there is any actual, threatened or potential escape, seepage, leakage, spillage, release or discharge of any hazardous substance on, from or under the Property whether from your activities or storage or from those of another property owner or carrier or from any other source;

(e) You will promptly remove any hazardous substances that are on the Property in any manner and from any source, other than for activities, operations and storage which we have permitted as provided above, and complete all remediation of the Property that may be required by reason of the presence of hazardous substances and that we may consider prudent, all in accordance with Environmental Laws and Regulations;

(f) You agree to indemnify us with respect to any and all costs and liabilities we may incur for investigations, remediation and other matters related to hazardous substances that are or may be on or about or suspected to be on or about any part of the Property or nearby property;

(g) Any environmental audit report you may provide to us or we may obtain or any other investigation we may conduct or any remedial or other work we or someone on our behalf may perform or any storage or use of hazardous substances on the Property we may permit will not relieve you from your obligations hereunder;

(h) The representations, covenants, agreements and indemnity made in this section shall survive satisfaction and discharge of this Charge, sale of all or any part of the Property or extinguishment of this Charge;

(i) In this Charge: "**Hazardous substances**" means solid, gaseous or liquid waste and substances or conditions that are prohibited, controlled or otherwise regulated or that are otherwise hazardous in fact or that are considered potentially hazardous; and, "**Environmental Laws and Regulations**" mean all requirements of common law, statutes, by-laws, orders, permits and the like of any government or governmental authority relating to environmental, health, fire or safety matters.

(j) You represent and warrant, which representations and warranties shall survive the advance of funds under this Charge, that the Property has never been used as a waste disposal site nor has the Property been contaminated by polychlorinated bypherals or any other dangerous or noxious chemicals or materials and that Property is not subject to any outstanding work orders or deficiency notices or requests for compliance issued by any governmental authority under any applicable legislation. In the event that such representation and warranty is not true, or in the future, we become aware of any such matter affecting the Property, then at our option, this Charge shall immediately become due and payable, notwithstanding the stated date of maturity of this Charge.

25. Quiet Possession

Until Default by you under this Charge, you shall have, hold, use, occupy, possess and enjoy the Property and receive and take the rents and profits from the Property.

26. Delay, Waiver and Release of Property

You agree that we may in our discretion at all times release any part or parts of the Property or any other security or any surety for the Indebtedness, or any portion of the Indebtedness either with or without any sufficient consideration, without responsibility and without releasing any other part of the Property or any person from this Charge or from any of the covenants and without being accountable to you for the value of such released Property, securities or surety, or for any money except that actually received by us, it being expressly agreed that every part of lot into which the Property is or may be divided does and shall stand charged with the whole of the Indebtedness and other amounts secured by this Charge.

We may delay in enforcing any of our rights under this Charge or the obligations secured or any agreement evidencing or securing the obligations secured without losing or impairing those rights. We can waive any breach of your obligations under this Charge or the obligations secured or any agreement evidencing or securing the obligations secured without losing our rights in respect of any breach of your obligations.

27. Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on the Property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to the Property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to the Property, the following conditions apply:

(a) The work must be completed as quickly as is reasonably possible.

(b) The work must meet all government requirements and zoning and building by-laws and other standards that apply to the Property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.

(c) You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.

(d) You must retain all required holdbacks, unless we choose to do so.

(e) We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you may pay to us immediately all of our charges, costs and expenses related to this. If you do not, we may declare that you are in Default on this Charge, or we may add these amounts to the Indebtedness, or we may do both.

28. Expropriation

(a) If your entire Property is expropriated, the Indebtedness will immediately become due and payable, together with any applicable prepayment charge. You promise to hold all amounts that you are awarded for the expropriation of your Property in trust for Citibank Canada.

(b) If only a part of your Property is expropriated, you promise to pay to Citibank Canada the amount that you are awarded for the partial expropriation and we will credit it to any prepayment charge applicable to that amount and to the Indebtedness. Until you have paid Citibank Canada, you promise to hold the amount you are awarded in trust for Citibank Canada.

29. Due on Sale or Mortgage of Property

(a) Transfer or Mortgage - If you Transfer or Mortgage your Property (or agree to do so) without first obtaining our written approval, the Indebtedness will, at our option, immediately become payable in full. If we accept any payment(s) from any Transferee whom we have not first approved of in writing, this will not mean that we have given our prior written approval or that we have given up our right to require you to pay the Indebtedness in full.

(b) Approval - You will give us sufficient information to enable us to decide whether we should give our written approval to a Transfer or Mortgage. We will not withhold our approval unreasonably.

(c) No Release – Despite a Transfer or Mortgage of your Property with or without our approval, you (and any guarantors) will remain liable under this Charge (and their guarantees) unless we, in writing, expressly release you (and any guarantors) and in any way will affect or prejudice our rights against you or any other person liable to repay the Indebtedness.

30. Charge not a Substitute for any other Security

You expressly agree that this Charge shall not create any merger, rebate or discharge of any debt owing to us or of any lien, bond, promissory note, bill of exchange or other security held by or which may subsequently be held by us, whether from you or any other party or parties and this Charge shall not in any way affect any security held or which may subsequently be held by us for the Indebtedness or any portion of the Indebtedness or the liability of any endorser or any other person upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals of the same held by us for or on account of the Indebtedness or any portion of the Indebtedness, nor shall our remedies be affected in any manner.

31. Judgments

If we obtain a court judgment against you for your failure to pay any of the Indebtedness or to perform any of your obligations to us under this Charge, the judgment will not result in a merger of your obligations under this Charge with the judgment or take away any of our other rights to enforce this Charge. We will continue to be entitled to receive interest on the Indebtedness at the Interest Rate calculated and payable in the agreed way, and the judgment may so provide.

32. Assignment of Leases and Rents

You agree with us as follows:

(a) If the Property is intended to be used as owner-occupied residential premises you certify and agree that no part of the Property is rented or occupied by a tenant and also you agree not to rent, lease or enter into a tenancy agreement of any part of the Property or renew any lease (other than a renewal provided for in any lease) without our approval first, which we may refuse to do at our option.

(b) If the Property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights there under as they affect the Property. You must obtain our prior written approval for any future leases of the Property or for the renewal of any lease (other than a renewal provided for any lease);

(c) If you lease in the future any part of the Property to another person or persons with our written approval then, upon our request, you will:

   (i) execute and deliver to us an assignment in registerable form acceptable to us of all leases, lease agreements and their renewals, rents payable under such leases and agreements, and all rights thereunder as they affect the Property. The assignment may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases, and

   (ii) give security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including legal fees and registration costs, relating to such additional security;

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph, then at our option the Indebtedness immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling the Property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the Indebtedness. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph will put us in possession of the Property and we are not obliged to collect any rent or income from the Property nor to comply with any term of any lease or agreement;

(f) Rental of any part of the Property without our written approval shall be considered to have been done to discourage us from taking possession of the Property if you are not complying with any of your obligations under this Charge or adversely affecting the value of our interest in the Property within the meaning of section 52(1) of the Mortgages Act, R.S.O. 1990, C.m.40 (as amended or replaced);

(g) Notwithstanding anything contained in this Charge, no lease of the Property made by you without our consent in writing shall have priority over this charge.

33. Discharge

After you have paid us the Indebtedness in accordance with their terms (and if we are under no obligation to make any further advances), we will sign a discharge or, at your request, an assignment (without recourse) of this Charge. You will give us a reasonable time after payment in which to prepare and sign the discharge or assignment. You will pay our usual administration fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by our lawyer or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee. If electronic registration is available for this Charge, we will register the discharge on your behalf and will provide either you or your lawyer (as applicable) with confirmation of registration.

34. Who is Bound by this Charge

You agree to observe and be bound by all of the terms and obligations contained in this Charge. This Charge will also be binding on your heirs, personal and legal representatives, successors or assigns, our successors, assigns or legal representatives and anyone else to whom the Property is transferred. All persons who sign this Charge as Chargor or Guarantor are collectively and individually (that is, jointly and severally) bound to comply with all obligations under this Charge.

35. Interpretation and Headings

Wherever in this Charge the singular or masculine is used, the same shall be construed as meaning the plural or the feminine or the neuter where the context or the parties so require. The headings do not form part of this document and have been inserted for convenience of reference only. This Charge shall be interpreted, enforced and governed by the laws of the Province of Ontario. If any provision of this Charge shall be prohibited by or invalid under applicable law, such provision shall not invalidate the remaining provisions of this charge. Nothing contained in this Charge shall require you to pay or for us to accept interest in an amount greater than that allowed by applicable law. In the event that the payment of interest under this Charge would otherwise exceed the maximum amount allowed under applicable law, then your obligation to pay interest shall be reduced to the maximum rate permitted under applicable law.

36. Withholding Tax

If you are not a Canadian resident for income tax purposes, the country where or in which you are a resident for income tax purposes may charge a withholding tax on the interest portion of your mortgage payments.

You are responsible for the payment of any withholding tax. If you must pay withholding tax, you promise to remit the withholding tax to the tax authority of the country of which you are a tax resident when it is due. You promise to give Citibank Canada a copy of the withholding tax receipt issued by the foreign tax authority as proof you paid the withholding tax.

If you do not pay the withholding tax and the foreign tax authority makes Citibank Canada pay it, you promise to pay the withholding tax to Citibank Canada when requested. If you do not pay it to us, the amount will be added to the Outstanding Amount of your Charge. In some circumstances Citibank Canada may tell you that we will collect and remit the withholding tax to on your behalf. If we tell you this, we will remit the withholding tax to the foreign tax authority from the interest we collect.

37. Participations

(a) Participations - We may, at any time, sell or transfer our interest as chargee or lender in this Charge and the Indebtedness and any servicing rights with respect to them, or any interest in them, or grant participations in them (collectively, the "**Participations**") or issue mortgage passthrough certificates or other securities evidencing a beneficial interest in a rated or unrated public offering or private placement (the "**Securities**"). We may forward to each purchaser, transferee, assignee, servicer, participant, or investor in such Participations or Securities (collectively, the "**Investor**") or any rating agency rating such Securities, each prospective Investor, and any organization maintaining databases on the underwriting and performance of commercial mortgage loans, all documents and information that we now have or may later acquire relating to the Obligations and to you or any guarantor or your Property, as we determine necessary or desirable. You irrevocably waive any and all rights it may have under applicable law to prohibit such disclosure, including any right of privacy.

(b) Co-Operation - You and any guarantor will co-operate with us in connection with any Participations or Securities, including by: delivering a status statement and such other documents as we may reasonably request; furnishing, and permitting us to furnish to Investors, prospective Investors or rating agencies any information about this Charge, those bound by it and Property.

38. Joint Signatures

If more than one person signs this Charge, each person who signs it is jointly and severally bound to comply with all obligations of the Chargor under this Charge.

39. Statutory Covenants

The covenants contained in this Charge are additional and supplemental to and in the case of any conflict override the covenants set out in any statute regarding charges, including in Ontario Section 7(1) of the Land Registration Reform Act, R.S.O. 1990, c. L.4.

A notice or demand so delivered will be regarded as given or made when it is so delivered to the person or to the director, officer or employee of the corporation. A notice or demand so mailed will be regarded as given or made on the day it is mailed whether the person receives it or not.

40. Demands and Notices

Unless otherwise provided in this Charge or prohibited by law, where this Charge allows or requires us to make a demand on or give a notice to any person (including you), we may make the demand or give the notice by delivering it personally to the person (where the person is a corporation, by delivering it personally to a director, officer or employee of the corporation) or by mailing it by prepaid registered mail addressed to the person at the person's last known address.

41. Guarantee

The Guarantor in consideration of our making the loan to you, agrees as follows:

(a) The Guarantor, with you, as principal debtor and not as surety will duly pay or cause to be paid all amounts payable under this Charge on the days and times and in the manner provided for payment of the same;

(b) To unconditionally guarantee full performance and discharge by you of all of the obligations of you under the provisions of this Charge at the times and in the manner provided in this Charge;

(c) To indemnify and save us harmless from and against all losses, damages, costs and expenses which we may sustain, or incur or be or become liable for by reason of:

  (i) the failure for any reason whatsoever by you to pay the amounts payable under this Charge or to do and perform any other act, matter or thing pursuant to the provisions of this charge; or

  (ii) any act, action or proceeding, of or by us, for, or in connection with, the recovery of the amounts payable under this Charge by you, or the obtaining of performance by you or any other person liable under this Charge of any act, matter or thing pursuant to the provisions of this Charge;

(d) That we shall not be obliged to proceed against you or any other person liable under this Charge or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor set out in this paragraph and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any of your debts or obligations under this Charge or the enforcement of any security for any such debt or obligation;

(e) We may, without notice to or consent or approval of the Guarantor, grant extensions of time for payment, increase the Interest Rate, release the whole or any part of the Property or other security from this Charge, or otherwise deal with you or any of the indebtedness secured by this Charge or the Property or other security as we see fit, without releasing or lessening the liability of the Guarantor;

(f) The Guarantor agrees to be bound by each such renewal, variation and amendment of any terms of this Charge we make with you and each reference to this Charge in this Guarantee paragraph shall mean this Charge as so renewed and amended from time to time, regardless of whether made with or without the knowledge, consent or approval of the Guarantor;

(g) No delay or carelessness or neglect by us in asserting any of our rights, nor the loss of any right by operation of law, nor the loss or destruction of any security, nor the lack of validity or enforceability of all or any part of this Charge or any other security held for or any document evidencing any part of the indebtedness or liability secured by this Charge will in any way release or lessen the liability of the Guarantor;

(h) That the Guarantor has read this Charge and is fully aware of its terms and in particular, the terms of this section;

(i) We may serve notice on the Guarantor and any notice to the Guarantor shall be deemed received in the same manner as provided for notice to you in this Charge; and

(j) Where there is more than one Guarantor each Guarantor agrees with us to be jointly and severally responsible under this guarantee with the other Guarantor(s) and you.

ACKNOWLEDGMENT

This set of Standard Charge Terms is included in a Charge dated the _____ day of _____________________,20_____, made by • as Chargor(s) to Citibank Canada as Chargee and each Chargor hereby acknowledges receiving a copy of this set of Standard Charge Terms before signing this Charge.

DATED this ___________ day of ____________________, 20____.

____
Chargor

____
Chargor

____
Guarantor

Dated as of September 15, 2008

Citibank Canada, by its lawyers:
Blake, Cassels and Graydon LLP

By: ______________________________
Edward Perlmutter, Partner

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200818 **Cote**

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200819 Cote
Filing Date Sept. 19th 2008 Date de Dépôt
Page 1 of/de 30 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

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MORTGAGES

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Ontario
Page 1 of 30

Standard Charge Terms

Land Registration Reform Act

Filed By:	CIBC Mortgages Inc.
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200819 Date

1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation, and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean CIBC Mortgages Inc. trading as FirstLine Mortgages.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything attached now or later to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage. The interest adjustment date is one payment period before the first regular payment date.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the interest adjustment date and each anniversary of the interest adjustment date.

STANDARD CHARGE TERMS
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2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property. You agree to make all payments required by this mortgage in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts. You agree not to cancel, offset or reduce any payments that you have made or that you are required to make.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 *Your interest in your property*

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 *Who is obligated by this mortgage*

The obligations under this mortgage are the collective and individual responsibility of each person, corporation or other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 *Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)*

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 *Construction mortgage*

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the Construction Lien Act are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 *Making material changes*

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 *Mortgages with deposits*

If required under the terms of your mortgage loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 *Interest rate*

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

3.2 *Payment frequency*

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

3.3 *If you have a fixed interest rate mortgage*

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

3.4 *If you have a variable interest rate mortgage*

(applies ONLY to a adjustable rate mortgages)

Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate.

If you have an **Adjustable Rate Mortgage, Prime Minus**, the interest rate will be the CIBC Prime Rate in effect on the first day of each month, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The interest rate will be adjusted on the first day of each month. However, the first interest adjustment will not occur until three months from the interest adjustment date.

If you have an **Adjustable Rate Mortgage (other than an Adjustable Rate Mortgage, Prime Minus)**, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the current mortgage rate and the remaining amortization period of the mortgage.

For all variable rate mortgages, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Within a reasonable time after each change in the CIBC Prime Rate, we may send you a letter telling you the current mortgage rate, and the date it became effective, and if applicable, the new principal and interest payment amount. We will mail this letter to the address we have on file for you. The interest rate will still vary whether or not we have sent you a letter about the change, or whether you have received the letter. However, if we do send you the letter, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the letter was sent to you. You can always find the current CIBC Prime Rate on our website (www.firstline.com) or by contacting us.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.5 *Deferred Interest /Negative Amortization*

If your regular principal and interest payment is not sufficient to cover the interest on the mortgage from one regular payment date to the next, the interest outstanding is called deferred interest. Deferred interest is added to the outstanding principal balance on your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal and interest is charged on it at the current mortgage rate.

3.6 Interest on amounts advanced to you before the interest adjustment date

If this mortgage is not a construction mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated in the manner outlined in the Charge/Mortgage of Land and the rate will be the lower of the following two rates:

- the initial interest rate set seven days before the date of advance; and
- the current mortgage rate in effect on the date of advance.

If this is a construction mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.7 Interest on overdue amounts

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.8 Interest adjustment when payment frequency changes

(does NOT apply to Adjustable Rate Mortgage, Prime Minus)

If you are not in default on your loan, you may change your payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.9 Increase and Blend

[does NOT apply to Adjustable Rate Mortgages, Plus or Auto 6 Plus (6 Month Convertible Mortgages]

As long as you meet our mortgage approval criteria, including those relating to the borrower and mortgage terms, you may:

- increase the principal amount secured; and/or
- extend the term of the mortgage.

If you do either or both of these, the interest rate that will apply will be blended to reflect the existing mortgage rate, the prevailing rates, prepayment charges, and administration and processing fees, if any.

3.10 U.S.A. resident

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Regular payments

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 Payments on amounts advanced to you before the interest adjustment date

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 The effect of variable interest rates on your payments

(applies ONLY to Adjustable Rate Mortgages, Prime Minus)

If you have a variable rate mortgage, the interest rate on your mortgage will change from time to time. However, your regular principal and interest payment may be fixed for the term of the mortgage, unless you change your regular payment as allowed by this mortgage.

Your regular payments are applied to the principal amount based on the rules outlined in section 4.8 below. If the interest rate increases, a larger portion of your regular payment will be applied to interest and a smaller portion of your regular payment will be applied to the principal amount. The result will be that you may owe more on the balance due date than was originally stated in the Mortgage Disclosure Statement.

If the interest rate increases to the point that your payment amount no longer covers the interest owing on your mortgage, you may be required to increase the amount of your regular payment so that the mortgage will be repaid over the remaining balance of the original amortization period. The rate of interest that will cause this to happen is stated in the Mortgage Disclosure Statement.

4.6 *Payment on default*

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes, life insurance premiums (if applicable) and any other optional services you have selected on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.7 *Demand to repay the total loan amount immediately*

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.8 *How we apply your payments*

We will apply payments we receive from you in the following order:

1. To pay any life insurance premiums on the mortgage, if any.
2. To bring into good standing any accounts related to the mortgage for which we are holding funds for payment to others, including tax accounts.
3. To pay for the cost of optional services made available by us and selected by you.
4. To pay any collection expenses or any applicable administration and processing fees.
5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.
6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. The actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have an ***Adjustable Rate Mortgage*** with monthly payment dates. Every month, they pay $557.50. Of this payment, $62.00 is for life insurance premiums and $55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was $87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

Deferred Interest:	$40.00
Collection Expenses:	$45.00

Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

Step 1: Total payment	$557.50
Step 2: Subtract life insurance premium	$62.00
Step 3: Subtract estimated taxes	$55.00
Step 4: Subtract collection expenses	$45.00
Step 5: Estimate and subtract interest on the principal amount	
Interest on the principal amount can be estimated using the following formula:	
$\text{Principal Amount} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$	
$\$87{,}50[illegible]0 \times \frac{4}{100} \times \frac{28}{365}$	$268.49
Step 6: Subtract deferred interest owing	$40.00
Step 7: Estimate and subtract interest on the deferred interest	
Interest on deferred interest can be estimated using the following formula:	
$\text{Deferred Interest} \times \text{Current Mortgage Rate} \times \frac{\text{Number of Days in the Payment Period}}{365}$	
$\$40.00 \times \frac{4}{100} \times \frac{28}{365}$	$0.12
Step 8: Estimated amount left to be used to reduce the principal amount	$86.89

4.9 *Changing the amount of your regular payments*

Each Mortgage Year, you have the privilege of increasing the amount of your regular payment. The increase allowed depends on the type of mortgage you have. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

If you have an adjustable rate mortgage, once each Mortgage Year you may increase the amount of your regular payment to any amount, without paying a prepayment charge, as long as the resulting amortization period is not less than five years. Once each Mortgage Year, you may also decrease the amount of your regular payment as long as the resulting amortization period is not longer than the remaining time left in the original amortization period.

For other types of mortgages, use the chart on the next page to see how much you can increase your payments in each Mortgage Year.

Type of Mortgage	Maximum increase in regular payments allowed once each mortgage year without a prepayment charge
• Auto 6 Plus (6 Month Convertible) Mortgage • Basic Mortgage • Access Fixed Rate Mortgage	Up to 15% of the original regular payment amount
• Auto 12 Plus (12 Month Convertible) Mortgage • Fixed Rate Mortgage with a term of 2 years or longer (other than a Basic Mortgage or an Access Fixed Rate Mortgage)	Up to 25% of the original regular payment amount

For the types of mortgages listed in the chart above, once each Mortgage Year you may also decrease the amount of your payment, but only if the amortization period for the mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization.

To qualify for increasing or decreasing your payments, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.10 *Prepaying your open mortgage without paying a prepayment charge*

(applies ONLY if you have an Adjustable Rate Open Mortgage)

If you have an ***Adjustable Rate Open Mortgage***, you may prepay any part of the outstanding loan amount on a regular payment date or the full outstanding loan amount at any time without a prepayment charge. To qualify, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

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4.11 *Prepaying your closed mortgage without paying a prepayment charge*

Each Mortgage Year, you may prepay up to a certain percentage of the original principal amount without paying a prepayment charge. The allowable percentage depends on the type of mortgage you have. Use the chart below to find out how much you can prepay in a Mortgage Year without a prepayment charge.

Type of Mortgage	**Amount of prepayment allowed once each mortgage year without a prepayment charge**
• Auto 6 Plus (6 Month Convertible) Mortgage	Up to 10% of the original principal amount
• Adjustable Rate Mortgage • Auto 12 Plus (12 Month Convertible) Mortgage • Fixed Rate Mortgage with a term of 2 years or longer (other than a Basic Mortgage)	Up to 20% of the original principal amount
• Basic Mortgage • Access Fixed Rate Mortgage	Up to 15% of the original principal amount

The following conditions apply:

- you may only make a prepayment on a regular payment date;
- the minimum prepayment is $100.00;
- if you do not use any or all of this privilege in a Mortgage Year, you cannot carry forward any unused portion of the privilege to a future mortgage year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the mortgage year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

4.12 *Prepaying the loan amount with prepayment charges*

Prepayment charges will be payable in addition to regular interest at the rate specified in your mortgage and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

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After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at your mortgage interest rate that is in effect on the prepayment date.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying your *Adjustable Rate Mortgage, Prime Minus*

If, during the first three years of the term, you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to two months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to two months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement.

If you have an Adjustable Rate Mortgage, Prime Minus, you can make a partial prepayment that is more than the 20% allowed or prepay all of the outstanding principal amount in the fourth and fifth year of the term without a prepayment charge. However, any partial prepayment must be made on a regular payment date.

Prepaying your *Adjustable Rate Mortgage other than an Adjustable Rate Mortgage, Prime Minus*

If you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at the CIBC Prime Rate in effect on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be the CIBC Prime Rate in effect on the date we prepare the mortgage payout statement.

Prepaying your *Auto 6 Plus (6 Month Convertible) Mortgage or Auto 12 Plus (12 Month Convertible) Mortgage*

You may only make a prepayment more than what is allowed in section 4.11 above if you pay off the full amount of the mortgage, but only upon an arm's length sale of the property with supporting documentation. In this case, you must pay a prepayment charge equal to 1% of the outstanding principal balance of the mortgage on the date of prepayment.

Prepaying a *fixed rate mortgage* other than an *Auto 6 Plus (6 Month Convertible) Mortgage or Auto 12 Plus (12 Month Convertible) Mortgage*

If you want to prepay more than what is allowed in section 4.11 above in a mortgage year, a prepayment charge will apply. This prepayment charge will be payable in addition to regular interest at the rate specified in your mortgage. The prepayment charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual interest rate on the date of prepayment (plus any discounts you received on your existing annual interest rate); or
- the interest rate differential amount.

If you are making a **partial** prepayment, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date of prepayment for a closed FirstLine brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
    - the remaining term of your mortgage;
    - the features of your mortgage; and
    - whether you have a conventional or a high-ratio mortgage.

If you are prepaying **all** of the outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from your last scheduled regular payment date which falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).
2. The interest costs on the amount prepaid, calculated at the reinvestment rate from your last scheduled payment date that falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date we prepare the mortgage payout statement for a closed FirstLine brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
    - the remaining term of your mortgage;
    - the features of your mortgage; and
    - whether you have a conventional or a high-ratio mortgage.

4.13 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.14 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.15 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal or early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

4.16 Repaying the cash back option

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. You may be required to do this if, for any reason, any of the following occur before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;
- the mortgage is refinanced or converted, or you renew the mortgage early;
- the mortgage is assumed;
- you sell your property and buy another property within 90 days and we finance the new mortgage under section 15, "Portability" in these Standard Charge Terms;
- your property is sold under power of sale or foreclosure; or
- the mortgage is paid out, assigned at your request or discharged.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time the mortgage is amended, discharged, refinanced or when you take advantage of early renewal.

5. Early renewal of fixed rate mortgages

(applies ONLY if you have a fixed rate mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must select from the mortgage options that we offer under the FirstLine brand at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us applicable prepayment charges;
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

[applies ONLY if you have an Adjustable Rate Mortgage, an Auto 6 Plus (6 Month Convertible) Mortgage or an Auto 12 Plus (12 Month Convertible) Mortgage]

If you have met all your obligations under the mortgage, you may convert your mortgage to another FirstLine brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- if you have an ***Adjustable Rate Mortgage, Plus*** you may convert your mortgage to an Access fixed rate mortgage with a term of three years or longer.

- if you have ***an Adjustable Rate Mortgage (other than an Adjustable Rate Mortgage, Plus)***, you may convert your mortgage to any type of mortgage offered by us at the time under the FirstLine brand with a fixed interest rate, a fixed regular payment amount and a term of three years or longer;
- if you have an **Auto 6 Plus (6 Month Convertible) Mortgage or Auto 12 Plus (12 Month Convertible) Mortgage**, you may convert to any type of mortgage then offered by us under the FirstLine brand having a term of more than one year;
- you must apply in writing to our Mortgage Servicing Division. Your request for conversion must be signed by all borrowers and guarantors;
- we may require you to sign a mortgage conversion or amending agreement, which will contain all changed terms and conditions of the mortgage option you select;
- you will receive a discount of 0.30% per year or more below FirstLine's posted interest rate on the date of conversion for the mortgage option you select. If we provide you with a mortgage conversion or amending agreement, the date of conversion will be set out in the agreement. Otherwise the date of conversion will be the date we receive your request for conversion signed by all borrowers and guarantors;
- the new payments at the new interest rate will begin on the first or second scheduled payment date following conversion, whichever we decide; and
- we will not charge you an administration fee for converting your mortgage. However, you must pay us any applicable administration and processing fees, and any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest. You must also pay all legal expenses related to the conversion documents and their registration, if applicable.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement, whether or not you signed it, and in the Mortgage Disclosure Statement that we will send you following conversion.

7. Designated amount

(applies ONLY if you have an Adjustable Rate Mortgage, Prime Minus)

The designated amount is equal to 105% of the original principal amount of the mortgage or may be another amount that we have agreed to in writing.

If at any time the outstanding loan amount exceeds the designated amount, we will require you to do one or more of the following:

- increase the amount of your regular payment so the mortgage will be repaid completely over the remaining time in the original amortization period;
- reduce the loan amount owing by making a lump sum payment to reduce the outstanding loan amount below the original principal amount; or
- convert the mortgage to a fixed rate mortgage according to the requirements outlined in section 6, "Converting Your Mortgage."

If you do not do so, we have the right to:

- require you to pay the entire loan amount immediately; or
- increase your regular payment amount so that the mortgage will be repaid completely over the remaining time in the original amortization period.

8. Automatic renewal of the mortgage

8.1 Automatic Renewal for Auto 6 Plus (6 Month Convertible) Mortgages and Auto 12 Plus (12 Month Convertible) Mortgages

The mortgage will be automatically renewed at the end of the term (6 or 12 months) for a term equal to the original term. The following conditions apply:

- You must have met all of your obligations under the mortgage.
- You must have maintained a satisfactory payment record.

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- The interest rate charged during each renewal term will be the lower of our posted rate on the renewal date for this type of mortgage or the guaranteed renewal rate.

We will send you a letter outlining the guaranteed renewal rate 30 days before the end of each term. You may terminate this automatic renewal clause and pay out the mortgage in full at the end of any term by notifying us of your decision to do so at least 15 days before the end of the term.

8.2 Automatic renewal for certain mortgages with an original term greater than 12 months

(applies to all mortgages except Access Fixed Rate Mortgages)

You agree to either pay all money owing under the mortgage on the maturity date or to return any renewal agreement on or before the maturity date. If you do not, the mortgage will be considered to be renewed as an Auto 6 Plus (6 month Convertible) Mortgage with the terms and conditions stated in the renewal agreement.

9. Your obligations related to your property

9.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

9.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.

- You will hold for the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

9.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

9.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and

- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable; or
- pay you.

9.5 Property taxes

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

9.6 Repairs

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

9.7 Leasing or renting your property to another person

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

9.8 Hazardous or illegal substances, environmental regulations, and illegal activities

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by the Canada Mortgage and Housing Corporation (CMHC) or such other mortgage insurer approved by us from time to time, the mortgage insurer or their agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or studies, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we, or the mortgage insurer, enforce our rights under this section, we, or the mortgage insurer, will not be considered to have taken possession, management or control of your property. This also applies to our agents and agents of the mortgage insurer.

9.9 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

9.10 Possession of your property on default

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

10. Condominium

(applies ONLY to property that is a condominium unit)

10.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

10.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

10.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

10.4 Voting rights

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

10.5 Acceleration of repayment of the loan amount

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 9.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

10.6 Insurance

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

11. Our rights

11.1 We are under no obligation to make advances to you under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;

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- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

11.2 Releasing your property from the mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

11.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
  - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
  - its own commission as receiver;
  - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
  - interest owing under the mortgage; and
  - all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.
- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the Mortgages Act, enter and sell your property, or any part of your property. We may sell your

property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale (after paying all costs and expenses) to reduce any part of the loan amount. We will only be responsible for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.

- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

11.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage,
- require payment of the loan amount if you are in default, and
- require any other person, including a guarantor, who has obligations under the mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total loan amount.

11.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

11.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

11.7 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

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11.8 *Administration and processing fees*

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available by contacting us.

11.9 *Certain actions we can take*

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

12. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the entire loan amount immediately. Accepting any payment from any person who we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the full loan amount immediately.

You agree to give us sufficient information to enable us to decide whether we should give our written approval. After we have received this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

- we give our written approval to you to transfer title to your property;
- the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and
- you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

13. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times do any of the following, without notifying any guarantor, and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

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We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

14. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

15. Portability

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arms-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arms-length".
- On the date you complete the sale of your original property, an amount sufficient to pay the principal amount, interest to the date of the new mortgage and any prepayment charges due under this mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not registered within 90 days, we will apply the amount held by us to prepay the mortgage in full, including any prepayment charges and administration fees that may apply.
- You will continue to make regular payments under this mortgage.
- The mortgage must be transferred to the new property without any changes in outstanding balance, interest rate, and terms and conditions described in these Standard Charge Terms.
- Our mortgage approval criteria and requirements for documentation in effect at the time you make your application will apply and must be met, including requirements for mortgage insurance, if applicable. You will be responsible for paying all administration and processing fees, mortgage insurance premiums, all legal and appraisal fees, and other expenses incurred in connection with the new mortgage.

16. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

17. *Family Law Act*

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

18. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

19. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

20. *National Housing Act*

All CMHC insured mortgages are made according to the *National Housing Act*.

21. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

22. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, insure, maintain and collect upon your mortgage, and we may disclose your personal information, including information about your mortgage, to credit reporting agencies. We will also use and disclose your personal information according to FirstLine's privacy policies which are outlined in FirstLine's brochure, "Your Privacy is Protected". This privacy policy may be amended, replaced or supplemented from time to time. You can get information on our current privacy policy by contacting us or visit www.firstline.com.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner". We can do this whether or not the beneficial owner is named in this mortgage. You also agree that we may insure this mortgage with CMHC or such other mortgage insurer approved by us from time to time. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage and to any mortgage insurer. If the mortgage is insured, the insurer may obtain a credit report and other information about you from any credit bureau, credit reporting agency and/or from us. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or
- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee, mortgage insurer and service provider to administer the mortgage and exercise their rights under it.

23. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge. We have the right to refuse a discharge or transfer of this mortgage until any charges or returned cheque amounts that arise after the discharge statement is prepared are paid.

For purposes of calculating per diem interest, funds received after 3:00 p.m. on any business day will be considered to be received on the next business day.

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You will pay our usual administration and processing fee for preparing, reviewing and signing any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

DATED at Toronto, this 12 day of September, 2008.

Patricia Knight
Solicitor for CIBC Mortgages Inc.

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bcIMC Investment Management Corporation

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Filing No. 200820 Cote
Filing Date OCT. 7th 2008 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

Filed by:	BRITISH COLUMBIA INVESTMENT MANAGEMENT CORPORATION
Filing Date:	September 2008
Filing Number:	

The following set of Standard Charge Terms shall be deemed to be included and form part of every charge in which the set is referred to by its filing number, as provided in Section 9 of the *Land Registration Reform Act R.S.O. 1990*, as amended, except to the extend that the provisions of this set of standard charge terms are modified by any additions, amendments or deletions expressly provided for or stipulated in the Charge Form (as defined below) or in any schedule(s) annexed thereto.

ARTICLE 1 – DEFINITIONS AND INTERPRETATION

1.1 In this set of Standard Charge Terms, in the Charge Form attached hereto, including all schedules or addenda attached thereto, the following terms have the respective meanings set forth after each:

(a) "Accounts" is defined in Section 8.2(b) of these Standard Charge Terms;

(b) "Applicable Laws" means all applicable federal, provincial or municipal laws, statutes, regulations, rules, by-laws, policies, guidelines, orders, permits, licences, authorizations, approvals and all applicable common laws or equitable principles whether now or hereafter in force and effect;

(c) "Balance Due Date" means the date set out in the Charge Form when all indebtedness secured by the Charge becomes due and payable other than by virtue of a default, demand or acceleration;

(d) "Business Day" means a day when chartered banks are open at Victoria, British Columbia;

(e) "Charge" means the Charge Form and this set of Standard Charge Terms as may be amended, extended, renewed and/or replaced from time to time with the prior written consent of the Chargee;

(f) "Charge Form" means the document prescribed by applicable statute and/or regulation in the applicable jurisdiction which makes reference to these Standard Charge Terms by its filing number and is signed or authorized by or on behalf of the Chargor, and in which the Lands are described, and includes all schedules to such document;

(g) "Chargee" means the party or parties described in the Charge Form as the "Mortgagee(s) or Chargee(s)";

(h) "Chargor" means the party or parties described in the Charge Form as the "Mortgagor(s) or Chargor(s)";

(i) "Commitment Letter" means the commitment letter issued by or on behalf of the Chargee in favour of or for the benefit of the Chargor relating to the Lands, as amended, supplemented, restated or replaced from time to time;

(j) "Condominium Corporation" is defined in Section 10.1 of these Standard Charge Terms;

(k) "Contractor" is defined in Section 8.1(b) of these Standard Charge Terms;

(l) "Costs" means all fees, costs, charges and expenses of the Chargee of and incidental to:

(i) the preparation, execution and registration of the Charge and any other instruments connected herewith and every renewal hereof, including without limitation all of the Loan Documents;

(ii) the collection, enforcement, realization of and upon the Charge and the other Loan Documents;

(iii) procuring payment of the Indebtedness due and payable hereunder, including without limitation, foreclosure, power of sale, execution, judicial sale, private or court appointed receivership and management of the Lands or other proceedings of enforcement commenced by the Chargee or any other party;

(iv) any inspection required to be made of the Lands;

(v) all necessary repairs required to be made to the Lands;

(vi) the Chargee having to go into possession of the Lands and secure, complete construction of and equip the improvements in any way in connection therewith, including without limitation any leasehold inducements or improvements required to lease the Lands;

(vii) the Chargee's renewal of any leasehold interests;

(viii) the exercise of any of the powers of a receiver contained herein; and

(ix) any changes to, amendments of, or alterations to the Loan or Loan Documents by request or reason of the Chargor including, without limitation, any costs of the Chargee in granting approvals or consents thereto,

and all solicitors' costs incurred by the Chargee on a solicitor and his own client basis, and all costs and expenses of any examination of title to and of valuation of the Lands or the obtaining of credit reports on the Chargor and any Covenantor;

(m) "Cost Overruns" is defined in Section 8.1(d) of these Standard Charge Terms;

(n) "Covenantor" means any person, corporation or other entity executing the Charge Form as a covenantor or covenanting to repay the money secured by the Charge in a separate agreement or instrument;

(o) "Environmental Laws" is defined in Section 4.11(a)(i) of these Standard Charge Terms;

(p) "First Payment Date" means the first payment date set forth in the Charge Form;

(q) "Governmental Body" means any government, parliament, legislature, or any regulatory authority, bureau, tribunal, department, instrumentality, agency, commission or board of any government, parliament or legislature, or any court, and without limiting the foregoing, any other law, regulation or rule-making entity having or purporting to act under the authority of any of the foregoing (including, without limitation, any arbitrator) and "Governmental Bodies" means any one or more of the foregoing collectively;

(r) "Impositions" is defined in Section 8.2(f) of these Standard Charge Terms;

(s) "Indebtedness" means the aggregate of:

(i) the Principal Amount of the Loan;

(ii) all interest thereon and compound interest as provided in the Charge;

(iii) all Costs;

(iv) any amount, cost, charge, expense and interest, including without limitation Costs, added to the Indebtedness under the terms of the Charge; and

(v) any other amount, cost, charge, expense and interest otherwise due and payable to the Chargee hereunder or secured by the Charge;

(t) "Interest Adjustment Date" means the interest adjustment date shown on the Charge Form;

(u) "Interest Calculation Period" means the period or periods for calculation of interest set out in the Charge Form;

(v) "Interest Rate" means the rate or rates of interest applicable to the Principal Amount set out in the Charge Form;

(w) "Lands" means the lands and premises or the Chargor's interest therein described in the Charge Form as the lands and premises charged by the Charge, and all lands and premises subsequently charged by any modification or extension of the Charge, in each case together with all benefits, easements, licenses, privileges, rights of way and servitudes appertaining thereto or connected therewith together with all appurtenances, buildings, erections, fixtures and fixed improvements now on or hereinafter put upon such lands other than any fixtures or fixed improvements brought onto such lands by any tenant, sub-tenant or licencee under any Lease and which such tenant, sub-tenant or licencee is by the terms of such Lease entitled to remove;

(x) "Last Payment Date" means the last payment date set forth in the Charge Form;

(y) "Lease" means any lease, agreement to lease, licence, sub-lease or other right of use or occupancy of the whole or any part of the Lands;

(z) "Letters of Credit" or "Letters of Credit" is/are defined in Section 7.12 of these Standard Charge Terms;

(aa) "Loan" means the loan advanced by the Chargee to the Chargor in the Principal Amount in accordance with the Charge;

(bb) "Loan Documents" means collectively, the Commitment Letter, the Charge and all other documents, security agreements, instruments, covenantor's agreements, guarantees, indemnities, agreements, certificates, undertakings and opinions now or hereafter given or entered into as evidence of or as security for the Loan;

(cc) "Notices" is defined in Section 11.3 of these Standard Charge Terms;

(dd) "Payment Date" means each payment date specified in the Charge Form, commencing on the First Payment Date and continuing on the first day of each and every month thereafter to and including the Last Payment Date all as set forth in the Charge Form;

(ee) "Periodic Payment" means a payment in the amount specified as the amount of each periodic payment in the Charge Form;

(ff) "Permitted Encumbrances" means:

  (i) the prior encumbrances permitted by the Chargee as set forth in the Charge Form;

  (ii) undetermined or inchoate liens and charges incidental to construction, maintenance or operations which have not at the time been filed pursuant to law;

  (iii) liens for Taxes or utility charges, in either case only if the same are not yet due or payable or, if overdue and payable, the validity of which is being contested diligently and in good faith by appropriate proceedings;

  (iv) registered easements, restrictions, rights-of-way, covenants in favour of governments or municipal authorities and servitudes which, in the reasonable opinion of the Chargee, will not materially impair the use of the Lands for the purpose for which it is held or used by the Chargor;

  (v) reservations, limitations, provisos and conditions expressed in any original grant from the Crown;

(gg) "Person" or "Persons" means an individual, sole proprietorship, partnership, joint venture, syndicate, association, trust, body corporate, a natural person in its capacity as trustee, personal representative or other legal representative, the Crown or any agency or instrumentality thereof, and/or any other entity recognized by law;

(hh) "Place of Payment" means the place of payment specified in the Charge Form or any other place specified in a written notice by the Chargee to the Chargor;

(ii) "Prime" means the annual rate of interest announced from time to time by the main branch in Toronto, Ontario of TD Canada Trust as its prime rate and used as a reference rate for determining floating rates of interest on Canadian Dollar loans in Canada to customers of varying degrees of creditworthiness in Canada. A certificate of an officer of the Chargee as to Prime on a stated date shall be conclusive evidence of such Prime on such date;

(jj) "Principal Amount" means the principal amount set out in the Charge Form as the Principal Amount;

(kk) "Project" is defined in Section 8.1(a) of these Standard Charge Terms;

(ll) "Receiver" is defined in Section 6.6 of these Standard Charge Terms;

(mm) "Replacement Assignment of Rents" is defined in Section 10.1 of these Standard Charge Terms;

(nn) "Replacement Charge" is defined in Section 10.1 of these Standard Charge Terms;

(oo) "Subsequent Charge" is defined in Section 5.1(m) of these Standard Charge Terms;

(pp) "Taxes" means all taxes, rates, levies, local improvement or other charges, rents, assessments or other impositions charged or levied against the Lands by any body or authority, whether municipal, local, regional, provincial or federal; and

(qq) "Toxic Materials" is defined in Section 4.11(a)(i) of these Standard Charge Terms.

1.2 INTERPRETATION

The Article and Section and subsection headings are for convenience only and do not form a part of the Charge and are not intended to interpret, define or limit the scope, extent or intent of the Charge or any provision hereof and are not to be considered in the construction or interpretation of the Charge.

1.3 OBLIGATIONS AS COVENANTS

Each obligation of the Chargor and of any Covenantor expressed in the Charge, whether or not expressed as a covenant or agreement, is and shall be deemed for all purposes to be a covenant and agreement made with the Chargee.

ARTICLE 2 - GRANT OF CHARGE

2.1 GRANT AND SECURITY

For good and valuable consideration (the receipt and sufficiency whereof is hereby acknowledged by the Chargor), the Chargor grants, mortgages and charges to and in favour of the Chargee all right, title and interest of the Chargor in and to the Lands as security for the payment to the Chargee of the Indebtedness and the performance or fulfillment of all liabilities and obligations secured by the Charge upon the terms set out in the Charge, subject to the redemption provision set out in Section 3 hereof.

ARTICLE 3 - PROVISO FOR RECONVEYANCE ON PAYMENT OF PRINCIPAL AND INTEREST

3.1 PROVISO FOR RECONVEYANCE

Provided the Charge to be void on payment of the Indebtedness with interest thereon both before and after default, demand, maturity or judgment at the Interest Rate computed on the total of all amounts from time to time advanced or secured hereunder from the respective dates of such advances or when such amounts become secured, calculated and compounded not in advance according to the Interest Calculation Period as follows:

(a) if a Periodic Payment, other than interest only, is specified in the Charge Form, interest at the Interest Rate shall become due and be paid on the first day of each and every month commencing with the month next following the month in which the first advance is made and continuing to and including the Interest Adjustment Date. Thereafter the Principal Amount, together with interest thereon at the Interest Rate computed from the Interest Adjustment Date, shall become due and be paid by equal Periodic Payments of both principal and interest on each Payment Date to and including the Last Payment Date. On the Balance Due Date the entire balance of the Indebtedness and interest and all other monies outstanding hereunder shall become due and be paid;

(b) if a Periodic Payment of interest only is specified in the Charge Form, interest at the Interest Rate shall become due and be paid on each Payment Date to and including the Last Payment Date and the balance of the Indebtedness and interest and all other monies outstanding hereunder shall become due and be paid on the Balance Due Date;

(c) all interest on becoming overdue, and any amount, cost, charge or expenses that has been added to the Indebtedness under the terms of the Charge, shall be treated (as to payment of interest thereon) as principal and shall bear compound interest at the Interest Rate both before and after default, demand, maturity and judgment until paid, and all such interest and compound interest shall be added to the Indebtedness and secured by the Charge; all arrears of both principal and interest shall be payable on demand or, if not demanded, on the next Payment Date;

(d) if the Interest Rate uses Prime as a reference rate, the Chargor agrees that if Prime changes, and so often as the same occurs during the currency of the Charge, the rate of interest charged under the Charge shall change in the same amount as Prime changes, effective immediately or on such other date or period as is specified by the Chargee in writing;

(e) the Chargee shall have the right to apply any amounts paid to the Chargee under the Charge in or towards the payment of accrued interest, principal or any other monies owing hereunder as the Chargee may determine, notwithstanding that any such amounts may have been paid to the Chargee on account of a different amount;

(f) and taxes and performance of statute labour.

3.2 TIME FOR PAYMENT

The Chargor covenants with the Chargee that all payments under the Charge shall be made before twelve o'clock noon (12:00 p.m.) (Pacific Time) on any day on which a payment is made. In the event a payment is made after twelve o'clock noon (12:00 p.m.) on any particular day, it is understood and agreed that said payment will be deemed to have been made on the Business Day next following.

3.3 NO PREPAYMENTS

The Chargor shall have no right to prepay all or any part of the amount outstanding under the Charge prior to the Balance Due Date thereof unless specifically provided in the Charge Form.

3.4 TAXES

The Chargor covenants with the Chargee that the Chargor will on the due date thereof, pay and satisfy all Taxes in respect of the Lands and forthwith provide the Chargee with proof or evidence of payment thereof. Without limiting or restricting any other covenant or agreement on the part of the Chargor under the Charge, it is understood and agreed that the Chargee shall during the term of the Charge estimate the amount of the Taxes next due and owing and:

(a) the Chargor will pay to the Chargee on each Payment Date an amount estimated by the Chargee to be sufficient to pay the Taxes as they become due and payable;

(b) in the event that the Taxes for any period together with any interest and penalties thereon exceed the estimated amount or in the event of any part of the estimated amount paid to the Chargee being applied by the Chargee in or toward principal, interest or other monies in default, the Chargor will pay to the Chargee on demand the amount required to make up the deficiency. In the event of a deficiency as aforesaid, the Chargee may, but shall not be obliged to, pay the Taxes and the Chargor shall, on demand by the Chargee, pay such deficiency with interest thereon at the Interest Rate to the Chargee forthwith;

(c) at the option of the Chargee, the Chargee may deduct from any advance of the Principal Amount an amount sufficient to pay any Taxes which have become due and payable as at the date of such advance;

(d) if, before any amounts paid to the Chargee on account of Taxes have been applied by the Chargee in payment of Taxes, there is default by the Chargor in respect of any payments of principal, interest or interest and principal as herein provided, the Chargee may apply amounts received by the Chargee from the Chargor on account of Taxes in or towards the payment of the principal, interest or interest and principal in default;

(e) all amounts accumulated for the payment of Taxes shall form part of the security for the Principal Amount and provided that the Chargor is not in default under the terms of the Charge, the Chargee will apply the amounts received by the Chargee from the Chargor on account of Taxes toward the payment of Taxes from time to time on such basis as the Chargee deems appropriate;

(f) the Chargor shall transmit to the Chargee copies of the tax bills and other notices affecting the imposition of Taxes forthwith after the receipt of same by the Chargor; and

(g) the Chargee shall not be liable for any interest on any amounts paid to the Chargee on account of Taxes as hereinbefore required and the monies so received may be held with its own funds pending payment or application thereof as hereinbefore provided.

3.5 NO SET-OFF, DEDUCTION, ETC.

The Indebtedness, interest and all other monies payable hereunder shall be paid without any set-off, deduction or abatement whatsoever.

3.6 DEDUCTIONS FROM PRINCIPAL AMOUNT

The Chargee may deduct accrued interest, the costs of appraisal, engineering and environmental reports, inspection and other fees from any advance of a portion of the Principal Amount and the Chargee may deduct interest at the Interest Rate from any advance made hereunder calculated from the date of such advance to the first day of the first month next following the date upon which such advance is made.

ARTICLE 4 - COVENANTS OF THE CHARGOR

4.1 PAYMENT

The Chargor covenants with the Chargee that the Chargor:

(a) will pay the Principal Amount, together with all interest thereon, and observe the proviso for redemption herein, and will pay as they fall due all Taxes and when required by the Chargee, shall transmit the receipts therefor to the Chargee;

(b) will pay all amounts which are payable hereunder or which are capable of being added to the Principal Amount pursuant to the provisions of the Charge including, without limiting the generality of the foregoing, all servicing or other fees, costs or charges provided for therein; all insurance premiums; the amount paid for the supply of any fuel or utilities to the Lands; all costs, commissions, fees and disbursements incurred by the Chargee in constructing, inspecting, appraising, selling, managing, repairing or maintaining the Lands; all Costs incurred by the Chargee with respect to the Charge or incurred by the Chargee arising out, of or in any way related to the Charge; any amounts paid by the Chargee on account of any encumbrance, lien or charge against the Lands and any and all Costs incurred by the Chargee arising out of, or in any way related to, the Chargee realizing on its security by sale or lease or otherwise;

(c) will provide the Chargee with a completed and duly executed pre-authorized payment plan request form with a blank cheque attached for the purpose of allowing the Chargor's account to be debited for electronic direct-debit transfer on a monthly basis with respect to all payments required under the Charge; if any cheque issued by the Chargor to the Chargee or any electronic direct-debit transfer and payment of any amount due and owing thereunder is not honoured when presented for payment, the Chargor shall pay to the Chargee on demand all expenses incurred by the Chargee as a result of such dishonour and the Chargee's reasonable administrative costs arising therefrom, which expenses and costs shall, together with interest thereon at the Interest Rate, be added to the Indebtedness and secured by the Charge and shall be forthwith due and payable to the Chargee.

4.2 TITLE

The Chargor covenants with the Chargee that the Chargor that:

(a) the Chargor has a good title in fee simple to the Lands and has good right, full power and lawful and absolute authority to charge the Lands and to give the Charge to the Chargee upon the covenants contained in the Charge;

(b) the Chargor has not done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the Land Registry Office disclose; and free from all encumbrances except as may be permitted by the Chargee;

(c) the Chargor will produce the title deed and allow copies to be made at the expense of the Chargor.

4.3 INSURANCE

The Chargor covenants with the Chargee that the Chargor will forthwith place or cause to be placed fire insurance and other insurance coverages against the risks hereinafter described and keep insured the Lands as follows:

(a) coverages for all risks of physical loss or damage including earthquake, flood and sewer backup for each and every building, structure, erection, improvement, fixture or replacement on or to be constructed on the Lands for one hundred percent (100%) of the full replacement cost of the Lands, without deduction for foundations and footings, with the replacement cost wording to have the "same or adjacent site" clause deleted on a non-reporting completed value basis in lawful money of Canada, and the policy must include any increased cost of by-law compliance coverage, demolition and debris removal for damaged and undamaged property and, in addition, without limiting the generality of the foregoing, the Chargor shall maintain:

(i) insurance covering comprehensive form boiler and machinery with the same limits and by-laws, extensions as stipulated in the all-risks policy described above (if any boilers or pressure vessels are installed in or on the Lands);

(ii) commercial general liability insurance with a minimum amount as provided by the Commitment Letter in respect of any one occurrence or such greater amounts as the Chargee may reasonably require; such policy shall include the IBC 2313 wording, or its equivalent, for limited pollution cover, where applicable;

(iii) business interruption insurance, delayed rental income insurance, insurance against any abatement or loss of rent as detailed in a current rent roll for the Lands, or other payments required to be paid or made by any tenants of the Lands resulting from damage caused by those risks covered by the insurance provided for in this subsection 4.3(a), with coverage in an amount equal to not less than one hundred percent (100%) of the profits or rents of the Lands (including gross annual rents or the net annual rents plus operating costs and providing for full or partial occupancy, written on a delayed income or equivalent basis), and consequential loss insurance against any abatement or loss of rent resulting from the operation of any provision of any lease of all or a portion of the Lands (under which, in either case, the period of indemnity will not be less than twelve (12) months) to the extent of the full amount of such abatement or loss of rent;

(iv) if any part of the proceeds of the Charge are to be used for the construction, repair or renovation of improvements on the Lands, then:

A. the requirement for all risks coverage shall be amended to require (during construction) all-risks builder's risk course of construction coverage (with the latest CCDC 201 wording or its equivalent) allowing for partial or full occupancy, with extended coverage for all other risks and perils in an amount equal to one hundred percent (100%) of the estimated final construction cost of improvements on the Lands (such costs shall be deemed to be not less than the Principal Amount), including reasonable soft costs and one hundred percent (100%) of the anticipated annual rents (assuming full occupancy) written on a delayed income basis, with the policy to allow for partial or full occupancy, and an endorsement providing that the policy will cover any additional costs of demolition and debris removal for damaged and undamaged property and reconstruction as a result of enforcement of current building by-laws and regulations;

B. if the estimated construction cost is in excess of Ten Million Dollars ($10,000,000.00), then a wrap-up liability is required with a limit of not less than Ten Million Dollars ($10,000,000.00) and must include all contractors, sub-contractors and trades; and

C. architect's and engineer's errors and omissions insurance for at least One Million Dollars ($1,000,000.00) or such greater amount as the Chargee may reasonably require;

(b) all policies of insurance required hereby shall contain "Charge clauses" naming the Chargee in a form approved by the Chargee and providing for thirty (30) days prior written notice by the insurer to the Chargee of cancellation, termination or non-renewal and the form of the policies and any deductibles must be acceptable to the Chargee, as must the insuring company or companies;

(c) the Chargor shall not allow any policy or policies of insurance relating to the Lands to be invalidated and will forthwith assign, transfer and deliver to the Chargee such policy or policies and the receipts relating thereto, and does hereby irrevocably assign the proceeds of any such insurance to the Chargee; if the Chargor shall neglect to keep any part of the Lands insured as herein provided, or to deliver any such policy or receipt, or to produce to the Chargee at least thirty (30) days before the termination of any insurance coverage evidence, to the reasonable satisfaction of the Chargee, of the renewal thereof, or if the Chargee receives notice of the intended cancellation of any such policy, the Chargee shall be entitled to insure the Lands, provided however, that the Chargee shall not be bound to insure the Lands or, in the event of insuring the Lands, to insure other than the interest of the Chargee only, or to see to the payment of the premiums on any policy, or be liable or responsible for any loss arising out of any defect in any policy or failure of any insurance company to pay for any loss thereunder;

(d) the Chargor shall forthwith on the happening of any loss or damage to the improvements or any other loss within the risks hereinbefore described immediately notify the Chargee and furnish at its own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies; and any insurance money received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the improvements situate upon the Lands in accordance with the standard construction requirements of the Chargor at that time or be paid to the Chargor or any other person appearing by the registered title or titles to the Lands to be or have been the owner of the Lands, or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the Principal Amount, interest thereon and other sums hereby secured, or any part thereof whether due or not then due;

(e) the Chargor waives all the Chargor's rights and benefits under the *Insurance Act* and any other applicable legislation creating any impositions or strictures on payment of all insurance proceeds to the Chargee, to ensure that the Chargee may so apply such insurance proceeds as per the terms of the Charge.

4.4 WASTE

The Chargor covenants with the Chargee that the Chargor will not permit waste to be committed or suffered on the Lands and will maintain the improvements on the Lands in good order and repair to the satisfaction of the Chargee and will comply with all Applicable Laws affecting the use, maintenance or occupation of the Lands.

4.5 ALTERATIONS

The Chargor covenants with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Lands without the prior written consent of the Chargee.

4.6 OTHER SECURITY

The Chargor covenants and acknowledges that any promissory note or notes or cash or letter of credit or letter of guarantee or other security taken or held by or deposited with the Chargee in connection with any advance of the Principal Amount or otherwise held as security for the Indebtedness (including pursuant to Section 7.[illegible]) is taken or held as collateral security only and not in satisfaction of the Indebtedness. The Chargor declares that its interest in any cash deposited with the Chargee or the cash proceeds of any of the aforesaid shall be held by the Chargee as security for the payment of the Indebtedness and for the performance of the Chargor's obligations under the Charge; the Chargor agrees that the Chargee shall have a right of set-off against such cash and cash proceeds, and agrees that, notwithstanding the provisions of any security agreement to the contrary, the Chargee shall have no obligation to deliver up any of the foregoing, or any balance thereof remaining, until the Indebtedness has been fully paid and satisfied.

4.7 FINANCIAL STATEMENTS

The Chargor covenants with the Chargee that the Chargor will, and any Covenantor will, within ninety (90) days following the end of each of their respective fiscal years (or calendar year, in the case of an individual Covenantor), deliver to the Chargee accountant prepared current financial and operating statements (or personal financial statements, as applicable), including current financial and operating statements covering the Lands, the Chargor and any Covenantor, such statements to be prepared in accordance with generally accepted accounting principles by a recognized firm of chartered accountants. Such financial and operating statements shall include balance sheets and detailed income and expense statements and with such supporting notes and schedules as the Chargee may require.

4.8 FURTHER ASSURANCES

The Chargor covenants with the Chargee that the Chargor will execute such further assurances of the Lands as may be requisite.

4.9 NO ASSIGNMENT OF PROCEEDS

The Chargor covenants with the Chargee that the Chargor will not assign the proceeds of the Charge or its rights and obligations pursuant to the Commitment Letter without the express written consent of the Chargee, which consent may be withheld in the Chargee's sole and absolute discretion.

4.10 BANKING

The Chargor covenants with the Chargee that the Chargor will maintain a separate bank account for the deposit of all revenue and payment of all expenses pertaining to the operations of the Chargor on the Lands.

4.11 ENVIRONMENTAL MATTERS

The Chargor:

(a) represents and warrants to the Chargee that to the best of its knowledge:

   (i) there is not any substance, defined or designated as a hazardous or toxic waste, special waste or other prescribed substance, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal, provincial, municipal or local statute, regulation, by-law or ordinance now or hereafter in effect, or any substance or material, the use or disposition of which is regulated by any such statute, regulation, by-law or ordinance in, on or under the Lands, such substances and materials in this Section 4.11 being called "Toxic Materials" and such statutes, regulations, by-laws and ordinances being called "Environmental Laws";

   (ii) the Lands have never been used as a landfill site; or

   (iii) it has not received any notice, claim, order, action or threatened litigation relating to any Toxic Materials in, on or under the Lands or relating to the breach of any Environmental Law.

(b) covenants with the Chargee:

   (i) that it will not bring onto, use, release or store any Toxic Materials, or permit any Toxic Materials to be brought onto, used, released or stored in, on or under the Lands;

   (ii) will comply with, and will promptly remedy the breach of, all Environmental Laws and all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, storage, treatment, control, removal or cleanup of Toxic Materials in, on, or under the Lands;

   (iii) will forthwith notify the Chargee if any of the following occurs and will provide the Chargee with copies of all relevant documentation in connection therewith:

      A. if any Toxic Material is brought onto, used, released or stored in, on or under the Lands;

B. if the Chargor breaches any Environmental Law;

C. if the Chargor receives notice of any claim, order, action or threatened litigation relating to any Toxic Materials alleged to be in, on or under the Lands or relating to the breach of any Environmental Law; or

D. if the Chargor receives any notice, demand or other communication respecting any permit that may be required by the Chargor pursuant to any Environmental Law;

(iv) it will promptly, at its own expense, cause to be conducted such investigations, searches, tests, drilling and sampling of the Lands as are requested from time to time by the Chargee, and will forward the results of such investigations, searches, tests, drilling and sampling to the Chargee upon receipt;

(v) if, now or hereafter, there are Toxic Materials in, on or under the Lands, or incorporated in any improvements thereon, it shall promptly and diligently take such actions and incur such costs and expenses as are necessary to remove such Toxic Materials from the Lands and improvements.

(c) agrees that the Chargee may, but shall not be obliged to, enter upon the Lands and take such actions and incur such costs and expenses to effect such compliance as it deems advisable with the representations, warranties and covenants aforesaid, and the Chargor shall reimburse the Chargee on demand for the full amount of all costs and expenses incurred by the Chargee in connection with such compliance activities.

(d) will indemnify and hold the parties comprising the Chargee and their respective officers, directors, employees, agents and shareholders and all unitholders of any pooled funds under their respective management, harmless against any losses, damages, costs, expenses and liabilities suffered or incurred by the Chargee by reason of a breach of any of the representations, warranties and covenants aforesaid including, without limitation, the full amount of all legal fees, costs, charges and expenses, the costs and expenses of defending and/or counter-claiming or claiming over against third parties in respect of any action or matter, any expense, cost, liability or damage arising out of a settlement of any action or claim entered into by the Chargee with the consent of the Chargor or any Covenantor (which consent shall not be unreasonably withheld) and the costs and expenses of removal, remediation, treatment, storage and disposal of any Toxic Materials and remediation of the Lands. This indemnity shall survive the repayment or satisfaction of the Indebtedness, any release or discharge of the Charge, any order absolute of foreclosure, order for sale or any other release whatsoever of the Charge.

4.12 SECURITY INTEREST IN PERSONAL PROPERTY

The Chargor covenants with the Chargee that the Chargor will execute and deliver to the Chargee from time to time as and when required by the Chargee a security agreement creating a security interest in all personal property and chattels of whatsoever kind now or hereafter owned by the Chargor and situate on or used in connection with the Lands, such security agreement to be in favour of the Chargee, in form and content acceptable to the Chargee and to constitute at all times a valid first security interest and charge on such personal property and chattels, and such security agreement shall, at the option of the Chargee, be registered in such places as the Chargee may require from time to time.

4.13 COMPLIANCE WITH LAWS AND REGULATIONS

The Chargor covenants with the Chargee that the Chargor shall, in its ownership, operation and use of the Lands, promptly and at all times observe, perform, execute and comply with all laws, rules, requirements, orders, directions, ordinances and regulations of every Governmental Body having jurisdiction with respect to the same, and further agrees at its cost and expense to take any and all steps or make any improvements or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future laws, rules, requirements, orders, directions, ordinances or regulations.

4.14 CHANGE OF USE

The Chargor covenants with the Chargee that the Chargor will not change or permit to be changed the existing use or uses of the Lands without the prior written consent of the Chargee.

4.15 REPAIR

The Chargor covenants with the Chargee that the Chargor will keep the Lands including the buildings, erections and improvements thereon in good condition and repair according to the nature and description thereof, and the Chargee may, whenever it deems necessary, enter upon and inspect the Lands, and the cost of such inspection shall be added to the indebtedness secured hereunder, and if the Chargor neglects to keep the Lands in good condition and repair, or commits or permits any act of waste on the Lands (as to which the Chargee shall be sole judge) or makes default as to any of the covenants or provisos herein contained, the principal sum herein shall, at the option of the Chargee, forthwith become due and payable, and in default of payment thereof with interest as in the case of payment before maturity, the powers of entering upon and leasing or selling hereby given may be exercised forthwith and the Chargee, upon five (5) days notice to the Chargor and in the event that the Chargor does not in such period cause and diligently proceed with such repairs, may make such repairs as it deems necessary, and the cost thereof with interest at the rate aforesaid shall be added to the monies hereby secured and shall be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to the Charge.

4.16 INSPECTION

The Chargor covenants with the Chargee that the Chargee shall have access to and the right to inspect the Lands at all reasonable times.

4.17 UTILITIES

The Chargor covenants with the Chargee that the Chargor will pay all utility and fuel charges related to the Lands as and when they are due and that the Chargor will not allow or cause the supply of utilities and/or fuel to the Lands to be interrupted or discontinued and that, if the supply of fuel and/or utilities is interrupted or discontinued, the Chargor will take all steps that are necessary to ensure that the supply of utilities and/or fuel is restored forthwith. It is specifically agreed that the failure to pay all fuel and/or utility charges as and when they are due or the interruption or discontinuing of the supply of fuel and/or utilities to the Lands shall constitute a default by the Chargor within the meaning of the Charge and in addition to all other remedies provided for herein, the Principal Amount of the Charge shall, at the sole option of the Chargee forthwith become due and payable.

4.18 RIGHT OF CHARGEE TO REPAIR, ETC.

The Chargor covenants with the Chargee that in the event of default in the payment of any instalment or other monies payable hereunder by the Chargor or on breach of any covenant, proviso or agreement herein contained after all or any of the monies hereby secured have been advanced, the Chargee may, at such time or times as the Chargee may deem necessary and without the concurrence of any Person, enter upon the Lands and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Lands or for inspecting, taking care of, leasing, collecting the rents of and generally managing the Lands, as the Chargee may deem expedient; and all Costs including, but not limited to, allowances for the time and services of any employee of the Chargee or other Person appointed for the above purposes and a servicing fee shall be forthwith payable to the Chargee by the Chargor and shall be a charge upon the Lands and shall bear interest at the rate applicable under the Charge until paid.

ARTICLE 5 - ACCELERATION

5.1 ACCELERATION

The Indebtedness shall become due and payable forthwith at the option of the Chargee in each of the following events:

(a) default in payment of any instalment or any other monies payable hereunder by the Chargor;

(b) upon breach of any non-monetary covenant, agreement or proviso herein contained or in any other agreement securing the Principal Amount, on the part of the Chargor and/or any Covenantor;

(c) upon any waste being committed or suffered on the Lands;

(d) default in payment of any other loan, secured or unsecured, made by the Chargee to the Chargor and made either prior or subsequent to the date of the Charge;

(e) if the Chargor shall sell, assign or otherwise dispose of the Lands or any beneficial interest therein, any part thereof and/or any material personal property used in connection therewith, without the prior written consent of the Chargee, which consent may be withheld in the Chargee's sole and absolute discretion, or if the Lands, any material part thereof and/or any material personal property used in connection therewith shall be charged or mortgaged in favour of another creditor (save and except subsequent-ranking security otherwise expressly permitted hereunder);

(f) if the Chargor or any Covenantor is in default under any material term, representation, warranty, covenant or other provision of the Commitment Letter;

(g) if the Chargor or any Covenantor becomes bankrupt or insolvent, or if a petition in bankruptcy is filed against the Chargor or any Covenantor, or any authorized assignment for the benefit of creditors or proposal is made by the Chargor or any Covenantor, or if a receiver or trustee for the Chargor or any Covenantor or for any of the assets of the Chargor or any Covenantor is appointed, or if there is instituted by or against the Chargor or any Covenantor any other type of insolvency proceedings under the *Bankruptcy and Insolvency Act* of Canada or otherwise;

(h) if the Chargee in good faith believes and has commercially reasonable grounds to believe that:

  (i) the prospect of payment or performance of any of the covenants of the Chargor are impaired; or

  (ii) that the Lands are or are about to be placed in jeopardy; or

  (iii) an event has occurred which materially and adversely affects the value of the Lands or the financial position of the Chargor or any Covenantor;

(i) if the Chargor or any Covenantor ceases or threatens to cease to carry on any part of its business as conducted at the date of the Charge;

(j) if the Chargor or any Covenantor becomes a party to a transaction whereby all or a substantial part of its undertaking, property or assets would become the property of another;

(k) if the Chargor uses any of the Principal Amount advanced under the Charge for any purpose other than as declared to and agreed upon by the Chargee;

(l) if any of the representations or warranties made by the Chargor in its application for the Loan or if any certificate or statutory declaration of the Chargor or any Covenantor or any officer or director of the Chargor or any Covenantor given in connection with the Charge contains any material misstatement;

(m) if default occurs under any Charge ("Subsequent Charge") of the Lands ranking in priority subsequent to the Charge, or any priority agreement relative to such Subsequent Charge, or any security collateral to such Subsequent Charge;

(n) if the Chargor or any Covenantor is a corporation and:

  (i) the Chargor or any Covenantor ceases to be controlled by the parties who presently control it;

  (ii) the Chargor or any Covenantor transfers or alters or does any act which could result in the transfer or alteration of all or any part of its shareholdings or ownership at any time during the term of the Charge except in conjunction with a transfer otherwise expressly permitted hereunder and/or pursuant to any security collateral to the Charge or with the prior written consent of the Chargee, which consent may be withheld in the Chargee's sole and absolute discretion;

  (iii) a shareholder of the Chargor or any Covenantor commences an action against the Chargor or such Covenantor which action relates to the Charge, or gives a notice of dissent to the Chargor or such Covenantor in accordance with the provisions of the statute pursuant to which the Chargor is required to file annual reports or returns or a shareholder of the Chargor or any Covenantor gives a similar notice under other applicable legislation;

(iv) the Chargor or any Covenantor carries on any business that it is restricted from carrying on by its constating documents;

(v) an order is made, a resolution is passed or a motion is filed for the winding-up of the Chargor or any Covenantor; or

(vi) any proceedings with respect to the Chargor or any Covenantor are commenced under the *Companies' Creditors Arrangement Act*.

but waiver of or failure to enforce at any time or from time to time any of the rights of the Chargee hereunder shall not prejudice the Chargee's rights in the event of any future default or breach; or

(o) if any action, suit or legal proceedings is commenced against the Chargor, any Covenantor or the Lands.

5.2 SALE OR CHANGE OF CONTROL

In the event of any sale, conveyance or transfer of the Lands or any portion thereof, or a change in control or beneficial ownership of the Chargor or a change in the beneficial ownership of the Lands or any portion thereof or a lease of the whole of the Lands, all sums secured hereunder shall, at the Chargee's option, become due and payable forthwith unless the prior written consent of the Chargee has been obtained, which consent may be arbitrarily or unreasonably withheld. The rights of the Chargee pursuant to this provision shall not be affected or limited in any way by the acceptance of payments due under the Charge from the Chargor or any Person claiming through or under it and the rights of the Chargee hereunder shall continue without diminution for any reason whatsoever until such time as the Chargee has consented in writing as required by this provision.

Provided further that no permitted sale or other dealing by the Chargor with the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other Person liable for payment of the monies hereby secured.

5.3 NO FURTHER ENCUMBRANCES

In the event of that the Chargor enters into, creates, incurs, assumes, suffers or permits to exist any additional charge, encumbrance, pledge or other financing of the Lands, or of the chattels, equipment or personal property related to the Lands, all sums secured hereunder shall, at the Chargee's option, become due and payable forthwith unless the prior written consent of the Chargee has been obtained, which consent may be arbitrarily or unreasonably withheld.

5.4 MATERIAL ADVERSE CHANGES

In the event that at any time while any indebtedness remains outstanding pursuant to the provisions of the Charge, the Chargee discovers a discrepancy or inaccuracy in any written information, statements or representations made or furnished to the Chargee by or on behalf of the Chargor or any Covenantor concerning the Lands or the financial condition and responsibility of the Chargor or any Covenantor in the event of any material adverse change in the value of the Lands or the financial status of the Chargor or any Covenantor or any lessee on which the Chargee relied upon in making any advances hereunder, which material change, discrepancy or inaccuracy cannot be rectified by the Chargor or such Covenantor (if applicable) within fifteen (15) days after written notification thereof by the Chargee to the Chargor or such Covenantor, the Chargee shall be entitled to decline to advance any further funds pursuant hereto and/or to declare any and all amounts advanced pursuant hereto together with interest thereon to be forthwith due and payable.

ARTICLE 6 - ENFORCEMENT

6.1 QUIET POSSESSION

On default, the Chargee shall have quiet possession of the Lands, free from all encumbrances, save as aforesaid provided that until default the Chargor shall have quiet possession of the Lands.

6.2 REALIZATION OF COLLATERAL SECURITY

The Chargee shall not be required to realize upon or enforce any security collateral to the Charge before enforcing the security granted hereby, any rule of law or in equity notwithstanding.

6.3 PROTECTIVE DISBURSEMENTS

The Chargee may pay the amount of any Charge, encumbrance, lien or charge now or hereafter existing or to arise or to be claimed upon the Lands, having priority or purporting to have priority over the Charge, including any Taxes or any of them, and may pay all Costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Lands, and/or the collection of any portion of the Indebtedness, whether any action or other judicial proceeding to enforce such payment has been taken or not; and all such amounts, Costs, charges and expenses so paid shall, together with interest thereon at the Interest Rate, be added to the Indebtedness and secured by the Charge and shall be payable forthwith by the Chargor to the Chargee. If the Chargee pays the amount of any such Charge, encumbrance, lien or charge, Taxes or Costs, either out of the Principal Amount advanced under the Charge or otherwise, the Chargee shall be subrogated to all of the rights, equities and securities of the parties so paid.

6.4 POWER OF SALE

The Chargee may, on default of payment or in the performance of any covenant in the Charge contained or implied by law or statute, enter on and lease the Lands, or in default of payment or in default in performance of any covenant in the Charge contained or implied by law or statute for at least fifteen (15) days may, on at least thirty-five (35) days' notice sell the Lands. Such notice shall be given to such Persons and in such manner and form and within such time as provided under the *Mortgages* Act (Ontario). In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on the Lands if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at the Chargor's last known address, or by publishing it once in a newspaper published in the city, county or district in which the Lands are situate; and such notice shall be sufficient although not addressed to any Person or Persons by name or designation; and notwithstanding that any Person to be affected thereby may be unknown, unascertained, or under disability. If there be legal personal representatives of the Chargor on the death of the Chargor, such notice may, at the option of the Chargee, be given in any of the above modes or by personal service upon such representatives.

Without prejudice to the statutory powers of the Chargee under the preceding proviso, that in case default be made in the payment of the said principal or interest or any part thereof and such default continues for two (2) months after any payment of either principal or interest falls due, the Chargee may exercise the powers given under the preceding proviso with or without entry on the Lands without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law then notice shall be given to such Persons and in such manner and form and within such time as so required by law. The Chargee may sell the whole or any part or parts of the Lands by public auction or private contract, or partly one or partly the other; and the proceeds of any sale hereunder may be applied in payment of any Costs incurred in taking, recovering or keeping possession of the Lands or by reason of non-payment or procuring payments of monies secured hereby or otherwise. The Chargee may sell any of the Lands on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefore and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper; and may buy in or rescind or vary any contract for the sale of the whole or any part of the Lands and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given, but any Person damnified by an unauthorized, improper or irregular exercise of the power shall have its remedy against the Person exercising the power in damages only.

It is hereby agreed that the Chargee may pay all premiums of insurance and all Taxes which shall from time to time fall due and be unpaid in respect of the Lands, and that such payments together with all Costs which may be incurred in taking, recovering and keeping possession of the Lands, and of negotiating this loan, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize this security, (including legal fees, real estate commissions, appraisal costs and other Costs incurred in leasing or selling the Lands or in exercising the power of entering, leasing and selling herein contained) shall be with interest at the rate aforesaid and shall be a charge upon the Lands in favour of the Chargee and that the Chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the Lands, and that any amount paid by the Chargee shall be added to the monies hereby secured and shall be payable forthwith with interest at the rate herein, and in default the Charge shall immediately become due and payable at the option of the Chargee and all powers in the Charge conferred shall become exercisable. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the money advanced on the security of the Charge or otherwise, the Chargee shall be entitled to all the rights, equities and securities of the Person or Persons so paid and is hereby authorized to obtain an assignment or discharge thereof, and to retain same, for whatever period the Chargee shall deem it proper to do so.

Whenever a power of sale is hereby conferred upon the Chargee, all provisions hereof relating to exercising such power, including, without in any way limiting the generality of the foregoing, the Persons to whom notice of exercising such power shall be given and the manner of giving such notice, shall be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising such power of sale, and wherever there shall be a conflict between the provisions of the Charge relating to exercising such power of sale and the requirements of such law, the provisions of such law shall govern. Insofar as there is no such conflict, the provisions of the Charge shall remain unchanged.

The Chargee may lease or sell as aforesaid without entering into possession of the Lands.

The Chargee may distrain for arrears of interest and the Chargee may distrain for arrears of principal and arrears of Taxes in the same manner as if the same were arrears of interest.

Upon default of the payment of the interest hereby secured the principal hereby secured shall become payable at the option of the Chargee, together with interest thereon.

Upon default of payment of instalments of principal promptly as the same become due, the balance of the principal and interest shall immediately become due and payable at the option of the Chargee.

Upon default under the Charge, the Chargee shall be entitled and shall have full power to assume control of, manage, operate and carry on the business of the Chargor being conducted at or upon the Lands on the date of the Charge or at any time thereafter.

Until default hereunder the Chargor shall have quiet possession of the Lands.

On default the Chargee shall have quiet possession of the Lands.

The Chargee may in writing at any time or times after default waive such default and upon such waiver the time or times for payment of the principal secured herein shall be as set out in the proviso for redemption herein. Any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default. No waiver shall be effective or binding on the Chargee unless made in writing.

It is further agreed that the Chargee may at its discretion at any time, release any part or parts of the Lands or any other security or any surety for the money hereby secured either with or without any sufficient consideration therefore, without responsibility therefore, and without thereby releasing any other part of the Lands or any Person from the Charge or from any of the covenants herein contained, it being especially agreed that every part or lot into which the Lands are or may hereafter be divided does and shall stand charged with all of the monies hereby secured and no Person shall have the right to require the principal secured hereunder to be apportioned; further the Chargee shall not be accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. No sale or other dealing by the Chargor with the equity of redemption in the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other Person liable for payment of the monies hereby secured.

It is further agreed that the Chargee may exercise all remedies provided for in the Charge concurrently or in such order and at such times as it may see fit and shall not be obligated to exhaust any remedy or remedies before exercising its rights under any other provisions contained in the Charge.

Without limiting any other provision of the Charge, the Chargor acknowledges and agrees that, upon the occurrence of any default under the Charge and whether or not the monies hereby secured have been fully advanced, the Chargee may, at any time and from time to time as the Chargee shall determine at its sole option and discretion, advance such further sums under the Charge as are necessary to pay any arrears of Taxes, utilities or other charges capable of constituting a lien upon the Lands *pari passu* with or in priority to the Charge, to pay all amounts due under any encumbrance having priority over the Charge, to pay all amounts required to discharge or vacate any construction lien registered against the Lands whether or not priority is claimed over the Charge, to maintain in good standing any policies of insurance in respect of the Lands, to maintain, repair, operate and/or manage the Lands and any or all improvements thereon, to complete construction or renovation of any improvements on the Lands, to realize upon any security held by the Chargee for the loan secured by the Charge and generally to enforce all of the Chargee's rights, title and interest hereunder and to protect the Lands and to preserve the enforceability and priority of the Charge, and to pay any and all Costs; and all amounts advanced by the Chargee for any of the purposes as aforesaid shall bear interest at the rate applicable under the Charge from the date so advanced until repaid in full and shall be secured by the Charge in the same priority as the principal amount hereof.

6.5 DISTRAINT

The Chargee may distrain for any arrears of principal or interest.

6.6 APPOINTMENT OF RECEIVER

The Chargor covenants and agrees with the Chargee that in the event of default in the payment of any instalment or any other monies payable hereunder by the Chargor, or on breach of any covenant, proviso or agreement herein contained, after all or any part of the Principal Amount hereby secured has been advanced, the Chargee may, at such time or times as the Chargee may deem necessary and without the concurrence of any person, enter upon the Lands, and may make such arrangements for completing the construction of, repairing or putting in order any improvements on the Lands, and/or appoint a receiver or manager or receiver and manager of the Lands (a "Receiver") and may remove any Receiver so appointed and appoint another in its stead. Such appointments may be made at any time before or after the Chargee shall have entered into or taken possession of the Lands or any part thereof. In the event of the appointment of a Receiver herein, the following provisions shall have effect:

(a) a statutory declaration of an officer of the Chargee as to default under the Charge shall be conclusive evidence thereof for the purposes of the appointment of a Receiver;

(b) every Receiver shall be deemed to be the agent of the Chargor and the Chargor shall be solely responsible for the Receiver's acts or defaults and for its remuneration;

(c) such Receiver shall in the exercise of his powers, authorities or discretions conform to the regulations and directions from time to time made and given by the Chargee;

(d) the Chargee may from time to time and at any time require any such Receiver to give security for the performance of his duties as Receiver hereunder and may fix the nature and amount of his security to be so given, but the Chargee shall not be bound in any case to require such security;

(e) the Chargee may from time to time determine what funds the Receiver shall be at liberty to keep in hand with a view to the performance of his duties as Receiver;

(f) the Chargee shall be entitled to fix the remuneration of the Receiver, who shall be entitled to deduct same plus such receiver's disbursements as the Chargee may deem proper out of the revenue or sale proceeds of the Lands, and provided that the Chargee shall have the right to apply to any court of competent jurisdiction for payment to the Receiver of a substitute remuneration or a higher rate or remuneration than that originally fixed by the Chargee; and

(g) the appointment of every Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver or to the Chargor or to any other person in any respect, and such appointment or anything which may be done by any Receiver or the removal of any Receiver or the termination of any receivership shall not have the effect of constituting the Chargee a Chargee-in-possession in respect of the Lands or any part thereof.

6.7 POWERS OF RECEIVER

Any Receiver appointed hereunder shall have the following powers:

(a) to take possession of and get in the Lands and for such purpose to take any proceedings in the name of and on behalf of the Chargor or otherwise;

(b) to demand, recover and receive all the income of the Lands by action, distress or otherwise, either in the name of the Chargor or the Chargee, and to give effectual receipts for the same;

(c) to sell and convey or concur in selling and conveying the Lands and any part thereof for cash or by conditional sale or by sale subject to Charge or agreement for sale, and to sell, convey and carry any and all such sales into effect by selling and conveying in the name of and on behalf of the Chargor or otherwise and in the same manner to lease the Lands or any portion thereof;

(d) to lease any portion of the Lands which may become vacant for such term and subject to such provisions as it may deem advisable or expedient, subject to the restrictions on leasing contained in any existing leases or agreements to lease affecting any of the Lands, and in so doing, every Receiver shall act as the agent of the Chargor and shall have authority to execute under seal or otherwise any lease of any such premises in the name or and on behalf of the Chargor, and the Chargor agrees to ratify and confirm whatever any Receiver may do in or about the Lands;

(e) to make such arrangements, at such time or times as it may deem necessary, without the concurrence of any other persons, for the repairing, finishing, adding to or putting in order of the Lands including, without restricting the generality of the foregoing, completing the construction of any improvements on the Lands left in an unfinished state, and constructing or providing for leasehold improvements, notwithstanding that the resulting costs may exceed the Principal Amount, and the Receiver shall have the right to register plans of subdivision, air space parcels, strata plans, rights-of-way and other agreements and instruments necessary for the completion and occupancy of such improvements on the Lands, as well as the right to take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment and appliances on the Lands and property of every kind and description;

(f) to manage, operate, amend, repair or alter the Lands and the improvements thereon or any part thereof in the name of the Chargor for the purpose of obtaining sales or rental or other income from the Lands or any part thereof;

(g) no Receiver shall be liable to the Chargor to account for monies other than monies actually received by it in respect of the Lands, and out of such monies so received from time to time, every Receiver shall, in the following order, pay:

(i) its remuneration as aforesaid;

(ii) all obligations, costs and expenses made or incurred by it, including but not limited to, any expenditures in connection with the management, operation, amendment, repair, construction or alteration of the Lands or any part thereof;

(iii) interest, principal and other monies which may, from time to time, be or become charged upon the Lands in priority to the Charge, including all Taxes;

(iv) to the Chargee, all Indebtedness, to be applied in such order as the Chargee in its discretion shall determine; and

(v) at the discretion of the Receiver interest, principal and other monies due and payable under any Subsequent Charge,

and every Receiver may in its discretion retain reasonable reserves to meet accruing amounts and anticipated payments in connection with any of the foregoing and, further, any surplus remaining in the hands of every Receiver after payments made and such reasonable reserves retained as aforesaid shall be payable to the Chargor;

(h) save as to any monies payable to the Chargor pursuant to subsection 6.7(g), the Chargor hereby releases and discharges the Chargee and every Receiver from every claim of every nature, whether sounding in damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any person claiming through or under it by reason of or as a result of anything done by the Chargee or any Receiver under the provisions of this section, unless such claim be the direct and proximate result of bad faith or gross neglect on the part of the Chargee or the Receiver;

(i) the Chargee may at any time and from time to time terminate any receivership by notice in writing to the Chargor and to any Receiver;

(j) to make any arrangements or compromises which he may deem expedient;

(k) to engage and retain agents, assistants, lawyers, accountants and managers and add all costs thereof to the Indebtedness; and

(l) such further and other powers as a court of competent jurisdiction may grant.

6.8 Cumulative Remedies

All remedies contained in the Charge are cumulative and the Chargee shall also have all other remedies provided in any of the other Loan Documents. Such remedies may be pursued separately, successively or concurrently at the sole election of the Chargee and may be exercised in any order. No act of the Chargee shall be construed as an election to proceed under any particular provisions of the Charge to the exclusion of any other provision of the Charge or the Loan Documents or as an election of remedies to the exclusion of any other remedy which may then or thereafter be available to the Chargee. No delay or failure by the Chargee to exercise any right or remedy under the Charge shall be construed to be a waiver of that right or remedy or of any default hereunder.

ARTICLE 7 - MISCELLANEOUS

7.1 Advance of Charge Monies

It is the intention of the parties hereto that improvements on or to be constructed on the Lands form part of the security for the Loan and other monies secured by the Charge and the Chargor agrees that neither the execution nor registration of the Charge nor the advance of part of the Loan shall bind the Chargee to advance any remaining amount of the Loan then unadvanced and that the advance of the Loan or any part thereof from time to time shall be at the sole discretion of the Chargee.

7.2 Doctrine of Consolidation

Notwithstanding any statutory or regulatory provision to the contrary the Charge is subject to the doctrine of consolidation.

7.3 TAKING OF JUDGEMENT NOT A Merger

The taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Chargee's right to interest at the rate and times herein provided; and further that the said judgment shall provide that interest thereon shall be computed at the same rate and in the same manner as herein provided until the said judgment shall have been fully paid and satisfied.

7.4 Renewal Or Extension Of Time: Attention Subsequent Interests

No renewal or extension of the term of the Charge given by the Chargee to the Chargor, or anyone claiming under it, or any other dealing by the Chargee with the owner of the equity of redemption of the Lands, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other Person liable for the payment of the monies hereby secured. The Charge may be amended, extended and/or renewed by an agreement in writing at maturity for any term with or without an increased rate of interest, or amended from time to time as to any of its terms, including, without limitation, an increase of interest rate or principal amount and notwithstanding that there may be subsequent encumbrancers, and it shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge. PROVIDED that nothing contained in this paragraph shall confer any right of amendment, extension or renewal upon the Chargor.

The terms of the Charge may be amended, extended and the Charge may be renewed from time to time by mutual agreement between the then current owner of the Lands and the Chargee and the Chargor hereby further covenants and agrees that, notwithstanding that the Chargor may have disposed of its interest in the Lands, the Chargor will remain liable as a principal debtor and not as a surety for the observance of all of the terms and provisions herein and will in all matters pertaining to the Charge well and truly do, observe, fulfill and keep all of the covenants, provisos, conditions and agreements in the Charge and all amendment(s), extension(s) and renewal(s) thereof, and without limiting the foregoing, notwithstanding the amendment, extension and/or renewal of the Charge, and notwithstanding the giving of time for the payment of the Charge or the varying of the terms of the payment thereof or of the rate of interest thereon, and notwithstanding any other indulgence by the Chargee to the Chargor.

The Chargor covenants and agrees with the Chargee that no agreement for amendment, extension and/or renewal hereof, or for extension of the time for payment of any monies payable hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the original term of the Charge or of any subsequent term agreed to in writing between the Chargor and the Chargee, and that no amendment, extension and/or renewal hereof or any extension of the time for payment of any monies hereunder shall result from, or be implied from, any other act, matter or thing, save only express agreement in writing between the Chargor and the Chargee.

7.5 Release of Security

The Chargee may at all times release any part or parts of the Lands or any other security or any surety for payment of all or any part of the Indebtedness or may release the Chargor or any other person from any covenant or other liability to pay the Indebtedness or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any monies except those actually received by the Chargee, and without thereby releasing any other part of the Lands, or any other securities or covenants herein contained, it being agreed that notwithstanding any such release the Lands, securities and covenants remaining unreleased shall stand charged with the Indebtedness.

7.6 Fixtures

All improvements fixed or otherwise now on or hereafter put upon the Lands including fences shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Lands and shall constitute a portion of the security for the Indebtedness.

7.7 Expropriation

All awards heretofore or hereafter made by any public or quasi-public authority by virtue of an exercise of the right of expropriation or eminent domain by such authority, including any award for a taking of title, possession or right of access to a public street or highway or for any change of grade of streets affecting the Lands, are hereby assigned to the Chargee; and the Chargee, at its option, is hereby authorized, directed and empowered to collect and receive the proceeds of any such award from the authority making the same and to give proper receipts therefor, and may, at the Chargee's election, use such proceeds in any one or more of the following ways: to apply the whole or any part thereof upon the Indebtedness secured hereby, whether the Indebtedness then be matured or unmatured, or use the same or any part thereof to fulfil any of the covenants contained herein as the Chargee may determine, or use the same or any part thereof to replace or restore the Lands and improvements thereon to a condition satisfactory to the Chargee, or to release the same to the Chargor; and the Chargor, upon request by the Chargee, will make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning all such awards to the Chargee free, clear and discharged of any and all encumbrances of any kind or nature whatsoever.

7.8 Assignment of Purchase Monies

For the consideration aforesaid, the Chargor, without in any way affecting or releasing its liability to the Chargee for the repayment of the Indebtedness, does hereby assign, transfer and set over to the Chargee all its right, title, claim, demand and interest whatsoever at law, or in equity or otherwise to indemnification, express or implied, of and from payment of any and all monies due to the Chargor by any purchaser of the Lands from the Chargor.

7.9 Discharge

The Chargee shall have a reasonable time after payment of the Indebtedness in full within which to prepare and execute a discharge of the Charge; and interest at the Interest Rate shall continue to run and accrue until actual payment in full has been received by the Chargee; and all legal and other expenses for the preparation and execution of such discharge shall be borne by the Chargor.

7.10 No Partial Discharges

The Chargor shall have no right to obtain partial discharges of the Charge unless specifically provided in the Charge Form.

7.11 Reliance

It is understood and agreed that the Chargee has not made and the Chargor herein does not rely on any representations, warranties, guarantees, promises or agreements, oral or otherwise, whether made by the Chargee, or any person acting actually or ostensibly on its behalf, other than those contained herein unless such representations, warranties, guarantees, promises or agreements are contained in a supplementary contract in writing executed by both the Chargor, the Chargee and any Covenantor, setting forth the terms and conditions upon which any advance or advances will be made and which supplementary contract is expressed to survive the closing of the transaction referred to therein and the registration of the Charge.

7.12 LETTERS OF CREDIT

If, in connection with the construction of improvements on the Lands, or otherwise in connection with the monies expressed to be secured by the Charge, the Chargee has itself issued or has caused another to issue a letter of credit or letter of guarantee, banker's acceptance or similar instrument (collectively a "Letter of Credit"):

(a) it is understood and agreed that any amounts which the Chargee is called upon to pay under a Letter of Credit shall constitute obligatory advances under the Charge; and

(b) the Chargor specifically acknowledges, covenants and agrees that the Chargee shall be absolutely entitled to and may enforce any of the rights granted to it by the Charge for the realization of the Indebtedness for which the Charge is expressed to be security even if a Letter of Credit has not been drawn down, or has only been partially drawn down. The Chargor shall not take any proceedings to recover or make any claim against any part of the proceeds of such realization until all Letters of Credit have expired. The proceeds of realization, after satisfaction of all amounts due to the Chargee at the time of realization, shall be held by the Chargee as collateral cash security, and are hereby pledged to the Chargee by the Chargor and the Chargor grants the Chargee a security interest in same until all Letters of Credit have expired.

The parties to the Charge hereby acknowledge and agree that, in addition to all other amounts advanced and/or secured hereby, the Charge shall stand as good and valid security with respect to any and all letters of credit, letters of guarantee or similar instruments (collectively the "Letters of Credit") issued by or on behalf of the Chargee for the benefit of or on account of the Chargor and in favour of any other party as may be requested or directed by the Chargor from time to time, and that the total amount of the financial obligations under each Letter of Credit shall be deemed to have been advanced and fully secured under the Charge as of and from the date of issuance of each such Letter of Credit regardless of when the same may be called upon by the holder thereof. In the event that at any time the Chargee is of the opinion, in its sole and unfettered discretion, that the Lands or such part(s) thereof as remain undischarged are insufficient to secure the aggregate amount of all of the Chargee's outstanding obligations under, pursuant to or in connection with such Letters of Credit from time to time outstanding, the Chargee shall be entitled to retain out of any payment received under the Charge or out of the proceeds of any sale or revenue received in respect of the Lands or any part(s) thereof or out of the proceeds of any amounts received by the Chargee upon the enforcement of the Charge, an amount equal to the aggregate amount of all of the Chargee's outstanding obligations under, pursuant to or in connection with Letters of Credit as remain from time to time outstanding without being obliged to apply any portion of such amount on account of any principal, interest or other monies otherwise outstanding and secured by the Charge; and the Chargee shall be entitled to retain such amount for such period of time as any of the Letters of Credit remain outstanding and the Chargee is hereby irrevocably authorized and directed to utilize the same in order to satisfy payment of any amounts called upon for payment pursuant to the Letters of Credit.

7.13 MAXIMUM RATE OF RETURN

Notwithstanding any provision of the Loan Documents to the contrary, in no event will the aggregate "interest" (as defined in Section 347 of the *Criminal Code* (Canada)) payable under the Loan exceed the effective annual rate of interest on the Principal Amount lawfully permitted under that Section and, if any payment, collection or demand pursuant to the Loan in respect of "interest" (as defined in that Section) is determined to be contrary to the provisions of that Section, such payment, collection or demand will be deemed to have been made by mutual mistake of the Chargor and Chargee and the amount of such payment or collection shall either be applied to the Principal Amount (whether or not due and payable), and not to the payment of "interest" (as defined in Section 347 of the said Criminal Code), or be refunded to the Chargor, at the option of the Chargee. For purposes of each Loan Document, the effective annual rate of interest will be determined in accordance with generally accepted actuarial practices and principles over the term of the Loan on the basis of annual compounding of the lawfully permitted rate of interest. In the event of dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by the Chargee will be conclusive for the purposes of such determination.

7.14 REMITTANCE AND APPLICATION OF PAYMENTS

All payments of principal, interest and other monies payable hereunder to the Chargee shall be payable at par in lawful money of Canada at the Chargee's address for service as set out in the Charge or at such other place as the Chargee shall designate in writing from time to time. In the event that any of the monies secured by the Charge are forwarded to the Chargee by mail, payment will not be deemed to have been made until the Chargee has actually received such monies and the Chargor shall assume and be responsible for all risk of loss or delay.

Notwithstanding anything herein to the contrary, in the event of any default under the Charge, the Chargee may apply any payments received in whatever order the Chargee may elect as between principal, interest, realty taxes, insurance premiums, repairs, Costs and any other advances or payments made by the Chargee hereunder.

7.15 NO DEEMED RE-INVESTMENT

Except in the case where the Charge provides for blended payments of principal and interest whether paid monthly or otherwise, the parties hereto agree that the Chargee shall not be deemed to reinvest any monthly or other payments received by it hereunder.

7.16 POSTDATED CHEQUES

The Chargor shall, if and when required by the Chargee, deliver to the Chargee upon the first advance of moneys hereunder or upon request and thereafter on each anniversary date thereof in each year for the duration of the term of the Charge, postdated cheques for the payments of principal, interest and estimated realty taxes required to be made herein during the twelve (12) month period commencing on each such anniversary date. In the event of default by the Chargor in delivery to the Chargee of the postdated cheques as herein provided, the Charge shall be deemed in default and the Chargee shall be entitled to pursue any and all of its remedies herein and/or at law as it may deem necessary at its option. In addition, the Chargee upon the Chargor's failure to deliver such postdated cheques as required hereunder shall be entitled to a fee for each written request that it makes to the Chargor for the purpose of obtaining such postdated cheques. Any step taken by the Chargee hereunder by way of a request for further postdated cheques shall be without prejudice to the Chargee's rights hereunder to declare the Charge to be in default in the event that such postdated cheques are not delivered within the required time.

7.17 DISHONOURED CHEQUES

In the event that any of the Chargor's cheques are not honoured when presented for payment to the drawee, the Chargor shall pay to the Chargee for each such returned cheque a fee to cover the Chargee's administration costs with respect to same. In the event that the said cheque which has not been honoured by the drawee is not forthwith replaced by the Chargor, the Chargee shall be entitled to a further fee for each written request therefor which may be necessitated by the Chargor not forthwith replacing such dishonoured cheque.

7.18 ESTOPPEL ACKNOWLEDGEMENTS

If and whenever the Chargee requests an acknowledgement from the Chargor as to the statement of account with respect to the Charge or the status of the terms and conditions of the Charge, the Chargor shall execute such an acknowledgement in such form as may be required by the Chargee provided that the contents of such form are correct, and the Chargor shall do so forthwith upon request and without cost to the Chargee and shall return such acknowledgement duly executed within two (2) business days of such request. The Chargee shall be entitled to a fee for providing such acknowledgement.

7.19 STATEMENTS OF ACCOUNT

The Chargor shall be entitled to receive upon written request, a statement of account with respect to the Charge as of any payment date under the Charge and the Chargee shall be entitled to a servicing fee for each such statement.

ARTICLE 8 - CONSTRUCTION CHARGE PROVISIONS

8.1 CONSTRUCTION AGREEMENTS

In the event that any of the monies advanced or to be advanced under the Charge are intended to finance any improvement to the Lands, the parties hereto covenant and agree that the following conditions shall apply:

(a) The Chargor will commence, carry out and complete the development and construction upon the Lands as contemplated by the Commitment Letter (the "Project"), substantially in accordance with the plans, specifications and other material approved by the Chargee, all with due diligence, in a good and workmanlike manner and in accordance with all agreements made with, undertakings given to and all statutory and regulatory requirements of all Governmental Bodies having jurisdiction;

(b) All construction on the Lands shall be carried out by reputable contractors and/or sub-contractor (collectively the "Contractor") having experience which is commensurate to nature and size of the Project to be constructed, which contractors must be prior approved by the Chargee in writing, such approval not to be unreasonably withheld;

(c) The renovations to the building and structures located on the Lands having been commenced shall be continued in a good and workmanlike manner, with all due diligence and in accordance with the plans and specifications delivered to the Chargee and to the satisfaction of all Governmental Bodies having jurisdiction;

(d) The Chargor shall pay, from the Chargor's own resources, all amounts incurred or arising on account of any of the following (hereinafter collectively called "Cost Overruns"):

(i) the amount, if any, by which the aggregate of all hard and soft costs incurred and required to be incurred in order to complete the Project exceeds the amount allocated therefor in the budget for the Project approved by the Chargee; and,

(ii) any and all amounts, as determined in the reasonable opinion of the Chargee in consultation with the Project architect, engineer or other consultant, required to pay then unpaid Project costs so that, after making such payment, the aggregate hard and soft costs required to be incurred in order to complete the Project will not exceed the unadvanced portion of the loan secured by the Charge;

(e) The Chargor shall pay all Cost Overruns when and if the same arise and, in any event, upon demand for same by the Chargee or its authorized agent. If any Cost Overruns are not promptly paid by the Chargor forthwith after demand therefor by the Chargee or its authorized agent, the Chargee may, at its option, make any such payment on the Chargor's behalf and any amount so paid shall become immediately due and payable to the Chargee together with interest thereon at the rate then payable under the loan calculated from the date of payment by the Chargee until the date of repayment by the Chargor and same shall be added to the principal of the Charge and secured hereunder;

(f) Provided that should construction of the Project cease for any reason whatsoever (strikes, material shortages and weather conditions beyond the control of the Chargor excepted), for a period of fifteen (15) consecutive days (Saturdays, Sundays and statutory holidays excepted), then, at the option of the Chargee, the Charge shall immediately become due and payable. In the event that construction does cease, then the Chargee shall have the right, at its sole option, to assume complete control of the construction of the Project in such manner and on such terms as it deems advisable. The cost of completion of the Project by or on behalf of the Chargee and all expenses incidental thereto shall be added to the principal amount of the Charge, together with a management fee of fifteen percent (15%) of the costs of the construction completed by the Chargee. All costs and expenses, as well as the management fee of fifteen percent (15%) added to the principal amount of the Charge shall bear interest at the rate as herein provided for and shall form part of the principal sum herein and the Chargee shall have the same rights and remedies with respect to collection of same as it would have with respect to collection of principal and interest hereunder or at law;

(g) At all times there shall be sufficient funds unadvanced under the Charge and retained by the Chargee to complete the construction and/or renovation of the Project and as may be necessary to retain the Chargee's priority with respect to any deficiency in the holdbacks required to be retained by the Chargor under the *Construction Lien Act* (Ontario);

(h) This Charge will be advanced in stages as construction upon the Project proceeds or as the conditions as enumerated by the Commitment Letter are complied with;

(i) All advances which are made from time to time hereunder shall be based on certificates of a duly qualified architect, engineer, quantity surveyor, cost consultant or other consultant(s) retained for the purpose of reviewing and advising the Chargee with respect to the Project and the progress thereof, whose fees and costs shall be for the account of the Chargor regardless of by whom such Person has been retained. All such certificates shall without limitation certify the value of the work completed and the estimated costs of any uncompleted work and such certificates shall further certify that such completed construction and/or renovation to the date of such certificate shall be in accordance with the approved plans and specifications for the said construction and further, in accordance with the building permits issued for such construction and in accordance with all municipal and other requirements of all Governmental Bodies having jurisdiction pertaining to such construction and that there shall be no outstanding work orders or other requirements pertaining to construction on the Lands. Such certificates with respect to any values shall not include materials on the site which are not incorporated into the Project;

(j) The Chargor shall pay to the Chargee on each occasion when an inspection of the Lands is required to confirm construction costs to date and compliance with conditions for further advances, an inspection fee and/or an administration fee in such reasonable amount as the Chargee may charge from time to time for each such inspection and the Chargee's solicitors shall be paid their fees and disbursements for each subsearch and work done prior to each such advance and all such monies shall be deemed to be secured hereunder and the Chargee shall be entitled to all rights and remedies with respect to collection of same in the same manner as it would have with respect to collection of principal and interest hereunder or at law;

(k) The Chargor will promptly satisfy any and all accounts owing to any trades and lien claimants with respect to the Lands, will promptly take all necessary steps at their cost to discharge or vacate any and all applicable construction liens and will at all times keep the Lands free and clear from all liens and other claims.

8.2 CONSTRUCTION LIEN ACT

The Chargor:

(a) will comply with all relevant provisions of the *Construction Lien Act* (Ontario) as amended or any statute enacted in replacement thereof (in this Section 8.2 referred to as the "Act");

(b) will, as and when requested by the Chargee, provide to the Chargee the name and address of the payment certifier (as defined in the Act) relative to the construction of the Project and all information requested by the Chargee relative to holdback accounts ("Accounts") including, without limitation, the location of Accounts, Account numbers, cancelled cheques drawn on Accounts, bank statements relative to Accounts, together with copies of all Certificates of Substantial Performance, together with written evidence of publication thereof and/or all Certificates of Completion (as defined in the Act) received by the Chargor from time to time;

(c) authorizes and directs the savings institutions at which Accounts are maintained to provide to the Chargee the information referred to in subsection 8.2(b) herein;

(d) covenants to supply to the Chargee in connection with each advance of Principal Amount a statutory declaration of a responsible officer of the Chargor confirming the status of the Accounts as at the date of such statutory declaration;

(e) will file a notice of interest at the Land Titles Office pursuant to section 3(2) of the Act;

(f) will pay or cause to be paid as soon as the same are due all claims, progress claims and demands of the Contractor, suppliers or materialmen and all wages, salaries, holiday pay, workers compensation assessments or other charges of any nature or kind (together, "Impositions") which could in any circumstances constitute a lien or charge having priority over the Charge or any future advance on the Charge and the Chargor will provide the Chargee upon request with monthly lists of the Contractor's, materialmen and suppliers including the status of their accounts and will from time to time on demand provide the Chargee with such books, payrolls, or other records, receipts, certificates and declarations as the Chargee may deem necessary to satisfy itself that such Impositions have been paid as soon as the same are due. The Chargor acknowledges and agrees that subject to subsection 8.2(g), the Chargee may make payments directly to the Contractor, materialmen and suppliers in the Chargee's sole discretion; and

(g) will cause to be discharged from title to the Lands any claim for lien within seven (7) days from receipt of written notice by the Chargee to remove such lien or liens.

The Chargee may, at its option, withhold from any advances for which the Chargor may have qualified such amounts as the Chargee, in its sole discretion, considers advisable so as to ensure the priority of all advances over all liens arising under any construction lien legislation until such time as the Chargee is fully satisfied that all lien periods have expired and that there are no preserved or perfected liens outstanding. Nothing in the Charge shall be construed to make the Chargee an "owner" or "payer" as defined under any construction lien legislation, nor shall there be or be deemed to be any obligation by the Chargee to retain any holdback which may be required by the said legislation. Any holdback which may be required to be retained by the "owner" or "payer" pursuant to any construction lien legislation shall remain solely the Chargor's obligation. The Chargor hereby covenants and agrees to comply in all respects with the provisions of all construction lien legislation.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200820 Date

ARTICLE 9 - LEASEHOLD CHARGE

9.1 This Article 9 applies if the interest Charged shown in the Charge Form is or includes a Lease.

9.2 The charge created by the Charge shall include the unexpired term of the Lease and any renewal thereof from the date of the Charge excepting only the last ten (10) days thereof and the Charge and charge created thereby shall be by way of sub-demise.

9.3 The Chargor releases to the Chargee all its claims upon the Lease and assigns to the Chargee the full benefit of all covenants, rights, powers and conditions contained in the Lease, subject to the redemption provision in Article 3 herein.

9.4 The Chargor warrants and represents to the Chargee that:

- (a) the Chargor has provided to the Chargee a true and complete copy of the Lease;
- (b) the Lease is valid, in good standing and in full force and effect;
- (c) the Lease is owned by the Chargor subject only to those charges and encumbrances that are registered in the land title office at the time the Chargor signs the Charge Form;
- (d) the Chargor has paid all rent that is due and payable under the Lease and complied with all of the other Chargor's obligations contained in the Lease; and
- (e) the Chargor has the right to Charge the Lease to the Chargee.

9.5 The Chargor shall:

- (a) comply with and observe and perform all terms, covenants and conditions on its part to be performed under the Lease and not do anything that would cause the Lease to be terminated;
- (b) immediately give to the Chargee a copy of any notice or request received from the lesser which may negatively impact the Chargee's interest in the Lands;
- (c) immediately notify the Chargee if the lesser advises the Chargor of the lessor's intention to terminate the Lease before the term expires;
- (d) sign any other document the Chargee requires to ensure that any greater interest in the Land that is acquired by the Chargor is charged by the Charge; and
- (e) stand possessed of the reversion of the Lease and the Lands in trust for the Chargee and shall assign and dispose thereof as the Chargee may direct.

9.6 The Chargor agrees that:

- (a) on any sale of the Lands for the purpose of vesting the reversion of any term or any renewal thereof in any purchaser thereof, the Chargee shall be entitled by deed or writing to appoint that purchaser or any other person or new trustee of the reversion and any renewal of the term of the Lease in the place of the Chargor; and
- (b) the Chargee may vest the reversion and any renewal accordingly in the new trustee and at such point, the Chargee is released from any obligation regarding the reversion and any renewal.

9.7 Any default under the Lease shall be deemed an event of default under the Charge.

9.8 The Chargor agrees with the Chargee that the Chargor shall not, without first obtaining the written consent of the Chargee:

- (a) surrender or terminate the Lease;
- (b) agree to any change, alteration or amendment to any terms of the Lease;
- (c) otherwise deal with, assign or sublet the Lease or the immediate reversion thereof; or
- (d) allow any options (to renew or otherwise) or any rights of first refusals under the Lease to lapse.

9.9 The Chargee may, at any time that the Chargee may deem necessary and without the concurrence of any other person, perform any obligation of the Chargor under the Lease, and all reasonable costs, charges, and expenses and legal fees (between solicitor and own client) incurred in connection therewith, including allowance for the time and services of any authorized employee of the Chargee or other persons appointed for the above purpose shall be:

(a) a charge on the Lands in favour of the Chargee in priority to all claims subsequent to the Charge;

(b) payable by the Chargor immediately with interest accruing until paid; and

(c) with interest added to the Indebtedness.

9.10 Nothing done by the Chargee under this Article 9 shall make the Chargee a Chargee in possession.

ARTICLE 10 - STRATA LOT AND CONDOMINIUM PROVISIONS

10.1 Provided the Chargor is not in default of the provisions of the Loan Documents and provided that there are no costs or financial obligations to the Chargee, the Chargee hereby agrees that it will consent to the Chargor registering a plan of condominium and declaration (the "Condominium Corporation") pursuant to the *Condominium Act, 1998* (Ontario), as amended, with respect to the Lands or any part thereof provided that the Chargee has received and approved the draft plan of condominium and the declaration and provided further that the Chargor, if requested by the Chargee, shall deliver to the Chargee prior to the registration of the Condominium Corporation, a further charge of the Lands (the "Replacement Charge") on the same terms and conditions save and except for the new legal description of the Lands. It is agreed that the Replacement Charge shall secure the same indebtedness as the original Charge. In connection with the provision of the Replacement Charge, the Chargor shall also provide a replacement general assignment of rents (the "Replacement Assignment of Rents"), and together with and each Covenantor, where applicable, shall provide a re-confirmation of all existing security and such further and other documentation as may then be required by the Chargee's solicitors.

Provided further that the original Charge and the original assignment of rents and leases relating thereto shall not be released or discharged from the Lands (save and except for any partial discharge provisions provided for therein) until the expiration of ninety (90) days immediately following the later of the registration of the Condominium Corporation and the registration of the Replacement Charge and Replacement Assignment of Rents. Provided further that at the time of the request for a discharge of the Charge and the original Assignment of Rents and leases the Chargor shall not be in default of the provisions of the Charge, the Replacement Charge and/or the Commitment Letter, failing which the Chargee shall not be obliged to discharge same.

If all or any part of the Lands is or becomes a condominium u[illegible]suant to the provisions of the *Condominium Act, 1998* (Ontario), the following covenants [illegible]sions shall apply in addition to all other covenants and provisions set forth in the Charge:

(a) For the purposes of all parts of the Lands comprising one or more such condominium units, all references in the Charge to the Lands shall include the Chargor's appurtenant undivided interest in the common elements and other assets of the Condominium Corporation;

(b) The Chargor shall at all times comply with the *Condominium Act, 1998* (Ontario) and shall forward to the Chargee proof of such compliance as the Chargee may request from time to time including, without limitation, status certificates issued by the Condominium Corporation; and if the Chargor fails to so comply in any respect, the Chargee may do so at its option and all Costs incurred by the Chargee in connection therewith shall be secured by the Charge and payable by the Chargor to the Chargee forthwith upon demand, together with interest thereon as herein provided;

(c) The Chargor shall pay, when due, all monies payable by the Chargor or with respect to the Lands in accordance with the provisions of the *Condominium Act, 1998* (Ontario) and the declaration, by-laws and rules of the Condominium Corporation, including all required contributions to common expenses and any special levies, charges and assessments, and shall provide proof of such payment to the Chargee upon request; and if the Chargor fails to make any such payment, the Chargee may do so at its option and all amounts so paid by the Chargee shall be secured by the Charge and shall be payable by the Chargor to the Chargee forthwith upon demand, together with interest thereon as herein provided;

(d) The Chargor hereby irrevocably appoints, authorizes and empowers the Chargee to exercise the rights of the Chargor to vote or to consent as an owner within the meaning of the

Condominium Act, 1998 (Ontario) with respect to all matters relating to the affairs of the Condominium Corporation, or to abstain from doing so, provided that:

(i) the Chargee may at any time and from time to time give notice in writing to the Chargor and to the Condominium Corporation that the Chargee does not intend to exercise such right to vote or to consent, in which case the Chargor may exercise its right to vote or to consent for so long as such notice remains effective or until such notice is revoked by the Chargee; and any such notice may be for an indeterminate period of time, a limited period of time or for a specific meeting or matter;

(ii) the Chargee shall not be under any obligation to vote or to consent or to protect the interests of the Chargor; and,

(iii) the exercise by the Chargee of its right to vote or to consent or to abstain from doing so shall not constitute the Chargee as a mortgagee or chargee in possession and shall not give rise to any liability on the part of the Chargee;

(e) The Chargor shall forward to the Chargee by delivery or by prepaid registered mail copies of every notice, assessment, claim, demand, by-law, rule, request for consent and other communication relating to all or any part of the Lands or the common elements or affairs of the Condominium Corporation on or before the date which is the earlier of:

(i) fourteen (14) days after receipt of the same by the Chargor;

(ii) seven (7) days prior to the date set for any meeting of the Condominium Corporation or any committee thereof;

(iii) seven (7) days prior to the due date of any claim or demand for payment; and,

(iv) within twenty-four (24) hours after becoming aware of any information concerning termination of any insurance policy, insurance trust agreement or management agreement relating to the Condominium Corporation or any of its assets;

(f) The Chargor hereby authorizes and directs the Condominium Corporation to permit the Chargee to inspect the records of the Condominium Corporation at any reasonable time;

(g) In addition to and notwithstanding any other provisions of the Charge, the outstanding principal amount and all accrued interest and other charges secured by the Charge shall, at the Chargee's option, become immediately due and payable without notice or demand if any of the following events or circumstances shall occur and be continuing:

(i) the government of the Condominium Corporation or the government of the Lands by the Condominium Corporation is terminated;

(ii) a vote of the Condominium Corporation authorizes the sale of all or substantially all of its property or assets or all or any part of its common elements or all or any part of the Lands, or any part of the same is expropriated;

(iii) the Condominium Corporation fails to comply with any provision of the *Condominium Act, 1998* (Ontario) or its declaration or any of its by-laws and rules;

(iv) the Condominium Corporation fails to insure its assets, including the Lands, in accordance with the *Condominium Act, 1998* (Ontario) and the declaration and by-laws of the Condominium Corporation, or any insurer thereof cancels or threatens cancellation of any existing obligation to insure the same.

ARTICLE 11 - GENERAL

11.1 POSTPONEMENT OF CLAIM

Each and every Covenantor hereby postpones the payment of any and all debts and liabilities which the Chargor or any beneficial owner of the Lands, or either of them, may now or hereafter owe the Covenantor until the Indebtedness has been paid in full and hereby assigns to the Chargee all such debts and liabilities as additional security for the payment of the Indebtedness. Any monies or other proceeds received by or on behalf of the Covenantor in respect of such debts and liabilities from time to time shall be received and held in trust for the Chargee and forthwith paid over to the Chargee, without in any way limiting or lessening the liability of a Covenantor under the Charge or the Loan Documents.

11.2 NON MERGER OF COMMITMENT LETTER

The provisions of the Commitment Letter for the loan secured by the Charge that the Chargee or its agent has issued to or for or on behalf of the Chargor, which are not expressly restated herein or in any collateral or other security documentation which is to be executed and delivered to the Chargee by the Chargor, shall survive the execution and registration of the Charge and there shall be no merger of such provisions in the Charge or the collateral or other security documents, until the Chargor and the Chargee, by an appropriate instrument in writing so declare. If there shall exist any conflict between a term of the Commitment Letter and a term of the Loan Documents, the Loan Documents shall prevail.

11.3 NOTICES

All notices, directions, service correspondence and communications ("Notice") between the parties shall be in writing and delivered, sent by prepaid registered mail, delivered or electronically communicated by facsimile. All Notices to any Covenantor shall be delivered, mailed or communicated in care of the Chargor. The addresses of the Chargee and the Chargor are as set forth in the Charge Form. The Chargee's facsimile number is (250) 387-0590. Delivered Notices shall be deemed to have been delivered on the day of delivery, if delivered at or before four o'clock after midday (4:00 p.m.) (Pacific Time) on a Business Day, or on the next Business Day if delivered after that time. Notices sent by prepaid registered mail shall be deemed to have been received on the third (3) Business Day following the date of mailing (notwithstanding the date of actual receipt and the fact that it may not have then been received), except in the event of interruption of postal service during which period Notices shall not be mailed. Notices electronically communicated by facsimile shall be deemed to have been delivered on the day of communication with confirmation of transmission, if communicated at or before four o'clock after midday (4:00 p.m.) (Pacific Time) or on the next Business Day if communicated after that time. Any party may provide Notice of a change of its address and/or facsimile number, provided that the Notice is communicated in accordance with this section.

11.4 SEVERABILITY

If a provision of the Charge is wholly or partially invalid, the Charge shall be interpreted as if such invalid provision had not been part thereof and all other provisions shall remain in full force and effect.

11.5 ENUREMENT

This Charge shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns, as the case may be.

11.6 ATTORNMENT TO JURISDICTION

This Charge shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and for the purpose of legal proceedings the Charge shall be deemed to have been made in such Province and to be performed there and the Courts of such Province shall have jurisdiction over all disputes which may arise under the Charge, provided always that nothing herein contained shall prevent the Chargee from proceeding at its election in the Courts of any other jurisdiction in which the Chargor or the Covenantor may for the time being hold assets or carry on business and the Chargor and the Covenantor hereby irrevocably submit to each such jurisdiction, acknowledge the competence of each and the convenience and propriety of the venue thereof and agree to be bound by any judgment thereof and not to seek, and hereby waive, any review of the merits of such a judgment by the courts of any other jurisdiction and also hereby waive any and all objections which any of them may have to each such jurisdiction.

11.7 GENDER AND SUCCESSORS

It is hereby agreed and declared that the expression "the Chargor" and "the Covenantor" used in the Charge shall include the heirs, executors, administrators, successors and assigns of the Chargor and the Covenantor respectively, and the expression "the Chargee" shall include the successors and assigns of the Chargee, and words in the singular include the plural, and words in the plural include the singular, and words importing the masculine gender include the feminine and neuter genders where the context so requires, and that if there be more than one person or corporation contained in the first references in the Charge to "the Chargor" or "the Covenantor" respectively, all covenants, liabilities and obligations entered into or imposed hereunder upon the Chargor and the Covenantor shall be joint and several.

11.8 Special Conditions

The Commitment Letter, the Charge and the other Loan Documents may not be assigned, transferred or otherwise disposed of by the Chargor without the Chargee's prior written consent. However, the Commitment Letter, the Charge and the other Loan Documents or any interest therein may be assigned, syndicated, securitized, or participated by the Chargee (and its successors and assigns), in whole or in part, without the consent of the Chargor or any Covenantor.

11.9 ACKNOWLEDGEMENT AND AUTHORIZATION

The Chargor and any Covenantor hereby acknowledges having receipt a true copy of the Charge and this set of Standard Charge Terms and in the even that the Charge Form is to be registered electronically in the Land Titles Office in which the Lands are located, then the Chargor and any Covenantor hereby expressly authorizes the Chargee and/or its solicitors to electronically register the Charge Form against the Lands.

ARTICLE 12 - ADDITIONAL PROVISIONS

12.1 Statutory References

Unless expressly stipulated or otherwise required by the context, all references in the Charge to any federal, provincial or municipal statute, regulation, by-law, order, directive or other governmental enactment shall be deemed to be and construed as a reference to the same as amended or re-enacted from time to time.

12.2 Exclusion Of Statutory Covenants

The implied covenants deemed to be included in a charge under sub-section 7(1) of the *Land Registration Reform Act* (Ontario) shall be and are hereby expressly excluded and replaced by the terms hereof which are covenants by the Chargor, for and on behalf of the Chargor, with the Chargee.

12.3 Short Forms Of Mortgages Act

If any of the forms of words contained herein are substantially in the form of words contained in Column One of Schedule B of the *Short Forms of Mortgages Act*, R.S.O. 1980, c. 474, and distinguished by a number therein, the Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule B of the said Act distinguished by the same number, and the Charge shall be interpreted as if the said Act was still in full force and effect.

12.4 Chargee Not To Be Deemed Chargee In Possession

It is agreed that the Chargee in exercising any of the rights given to the Chargee under the Charge shall be deemed not to be a chargee or mortgagee in possession.

12.5 Bankruptcy And Insolvency Act

The Chargor hereby acknowledges and agrees that the security held by the Chargee is not all or substantially all of the inventory, accounts receivable or other property of the Chargor acquired for or used in relation to any business carried on by the Chargor. The Chargor hereby further acknowledges and agrees that notwithstanding any act of the Chargee by way of appointment of any Person or Persons for the purposes of taking possession of the Lands as agent on behalf of the Chargor or otherwise or by taking possession of the Lands itself pursuant to any rights that the Chargee may have with respect thereto shall not constitute the Chargee or any such Person, a receiver within the meaning of subsection 243(2) of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"), and that any and all requirements of Part XI of the BIA as it may pertain to obligations of receivers shall not be applicable to the Chargee with respect to the transaction pursuant to which the Charge has been given or with respect to enforcement of the Charge or any other security held by the Chargee. The Chargor hereby acknowledges and agrees that no action shall lie against the Chargee as a receiver and manager or otherwise for any loss or damage arising from non-compliance with any obligations of a receiver pursuant to the provisions of the BIA whether or not the Chargee had reasonable grounds to believe that the Chargor was not insolvent.

The Chargor further acknowledges and agrees that any and all Costs as may be incurred from time to time by the Chargee in order to effect compliance or avoid any adverse ramifications of the BIA shall be entirely for the account of the Chargor. The Chargee shall be entitled to incur any such Costs, including any costs of its personnel in administering any requirements of the BIA and to add the same to the indebtedness owing pursuant hereto and the same shall be secured hereunder and under any and all security held by the Chargee for the indebtedness owing to the Chargee in the same manner and in the same priority as the principal secured hereunder.

12.6 PRIORITY OVER VENDOR'S LIEN

The Chargor hereby acknowledges that the Charge is intended to have priority over any vendor's lien, whether in favour of the Chargor or otherwise, and the Chargor covenants that it has done no act to give priority over the Charge to any vendor's lien, nor is it aware of any circumstances that could create a vendor's lien. Further, the Chargor covenants to do all acts and execute or cause to be executed all documents required to give the Charge priority over any vendor's lien and to give effect to the intent of this clause.

12.7 CONSENT OF CHARGEE

Wherever the Chargor is required by the Charge to obtain the consent or approval of the Chargee, it is agreed that, subject to any other specific provision contained in the Charge to the contrary, the Chargee may give or withhold its consent or approval for any reason that it may see fit in its sole and absolute discretion, and the Chargee shall not be liable to the Chargor in damages or otherwise for its failure or refusal to give or withhold such consent or approval, and all costs of obtaining such approval shall be for the account of the Chargor.

12.8 FAMILY LAW ACT

The Chargor shall forthwith after any change or happening affecting any of the following, namely, (a) the spousal status of the Chargor, (b) the qualification of the Lands or any part thereof as a matrimonial home within the meaning of Part II of the *Family Law Act* (Ontario), (c) the ownership of the equity of redemption in the Lands or any part thereof, and (d) a shareholder of the Chargor obtaining rights to occupy the Lands or any part thereof by virtue of shareholding within the meaning of Section 18(2) of the *Family Law Act* (Ontario), the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners for the time being of the said equity of redemption and of any spouse who is not an owner but who has a right of possession in the Lands by virtue of Section 19 of the *Family Law Act* (Ontario). In furtherance of such intention, the Chargor covenants and agrees to furnish the Chargee with such evidence in connection with any of (a), (b) (c), and (d) above as the Chargee may from time to time request.

12.9 INDEPENDENT LEGAL ADVICE

The Chargor and each Covenantor acknowledge that they have full knowledge of the purpose and essence of this transaction, and that they have been appropriately and independently legally advised in that regard or have been advised of their right to independent legal advice and have declined same. Such parties agree to provide to the Chargee a Certificate of Independent Legal Advice as and when same may be required, regarding their knowledge and understanding of this transaction.

12.10 SERVICING FEES

All servicing fees as herein provided are intended to and shall be in an amount sufficient in the sole opinion of the Chargee to compensate the Chargee for its administrative costs and shall not be deemed a penalty. The amount of such servicing fees if not paid shall be added to the principal amount secured hereunder, and shall bear interest at the rate aforesaid and the Chargee shall have the same rights with respect to collection of same as it does with respect to collection of principal and interest hereunder or at law.

12.11 PROFESSIONAL MANAGEMENT

The Lands must at all times be professionally managed by property managers acceptable to the Chargee, failing which the Chargee reserves the right, in its sole discretion, to appoint new or other property managers at the sole expense of the Chargor. A change in the property managers for Lands shall require the prior written consent of the Chargee. No management fee shall be payable to the manager of the Lands, other than to a professional arm's-length manager approved by the Chargee, without the prior written consent of the Chargee. No management fees in excess of market fees for similar properties in the general location of the Lands shall be payable without the prior written consent of the Chargee.

12.12 ADDITIONAL FEES

All advances in addition to legal fees and disbursements of the Chargee's solicitors, shall be subject to an administrative processing fee in favour of the Chargee for each advance made under the Loan in an amount to be determined by the Chargee. The Chargor shall be permitted one (1) advance per month. If the Chargee, in its sole discretion, agrees to make an advance in an amount not less than the minimum amount per advance as specified in the Commitment Letter, an additional processing fee in an amount to be determined by the Chargee for any such advance so made shall be payable by the Chargor.

12.13 ABANDONMENT

In the event of abandonment of the Project for a period in excess of seven (7) consecutive days, the Chargee shall be entitled, after giving the Chargor written notice of any abandonment and provided the Chargor fails to rectify same within ten (10) days after such notice, has been given, to forthwith withdraw and cancel its obligations hereunder and/or decline to advance further funds as the case may be and in addition to declare any funds advanced to forthwith become due and payable plus interest all at the Chargee's option.

12.14 INDEMNIFICATION

The Chargor and Covenantor hereby agree to indemnify and save harmless the Chargee, any servicing agent of the Chargee and their respective officers, agents, trustees, employees, contractors, licensees or invitees from and against any and all losses, damages, injuries, expenses, suits, actions, claims and demands of every nature and kind whatsoever and howsoever arising out of the provisions of the Commitment Letter and the Loan Documents, any letters of credit or letters of guarantee issued, sale or lease of the Lands and/or the use or occupation of the Lands including, without limitation, those arising from the right to enter the Lands from time to time and to carry out the various tests, inspections, management and other activities permitted by the Commitment and the Loan Documents.

In addition to any liability imposed on the Chargee and Covenantor under any instrument evidencing or securing the Loan indebtedness, the Chargee and Covenantor shall be jointly and severally liable for any and all of the Chargee's costs, expenses, damages or liabilities, including, without limitation, all reasonable legal fees, directly or indirectly arising out of or attributable to the use, generation, storage, release, threatened release, discharge, disposal or presence on, under or about the Lands of any hazardous or noxious substances. The Chargee and the Covenantor(s) shall be further bound by the representations, warranties and indemnity set out herein.

The representations, warranties, covenants and agreements of the Chargee and Covenantor set forth in this Section:

(a) are separate and distinct obligations from the Chargee's and Covenantor's other obligations;

(b) survive the payment and satisfaction of their other obligations and the discharge of the Loan Documents from time to time taken as security therefore;

(c) are not discharged or satisfied by foreclosure of the charges created by any of the Loan Documents; and

(d) shall continue in effect after any transfer of the Lands including, without limitation, transfers pursuant to foreclosure proceedings (whether judicial or non-judicial) or by any transfer in lieu of foreclosure.

12.15 CAPITALIZATION OF INTEREST

The Chargee shall have the right at its sole option to capitalize any interest owing from time to time and to add same to the principal amount of the indebtedness secured by the Charge and to treat the same as part thereof and to charge interest thereon. Such capitalized interest and interest thereon shall at all times be secured under the Charge and all other security granted by the Chargor to the Chargee in first priority in the same manner as accrued interest. The Chargee at its sole option shall have the right to treat such capitalized interest as principal or accrued interest.

12.16 CONDITION UPON MATURITY

In the event that the Chargor fails to repay the principal and interest outstanding on the Loan Maturity Date or any renewal thereof agreed to by the Chargee, the Chargee may, at its sole discretion, extend the mortgage for a period of one (1) month from the original Loan Maturity Date or any renewal thereof agreed to by the Chargee, at an interest rate equal to the higher of the Interest Rate for the Loan and the then TD Canada Trust Bank Prime Rate per annum plus five percent (5.00%), calculated and payable monthly. In the event that the Loan has not been repaid or renewal has not been finalized within this one (1) month period, then there will be no further extensions, the Chargee may exercise its remedies under the Loan Documents.

The interest rate applicable will be determined by the Chargee on the first (1st) Banking Day of the month in which the Loan matures.

"TD Canada Trust Prime Rate" means the rate of interest, expressed as a percentage per annum, published and quoted by TD Canada Trust's Toronto, Ontario, Head Office and which is commonly known as the prime lending rate for commercial loans in Canadian Dollars.

"Banking Day" for the purposes of this clause, will mean a day on which the Toronto, Ontario, Head Office for the TD Canada Trust is open for business and which is not a Saturday, Sunday, Civic or Statutory Holiday.

All other terms and covenants under the existing mortgage and charge shall continue to apply.

The mortgage and charge may be paid in full on the Loan Maturity Date or any renewal thereof agreed to by the Chargee, or any time during the one (1) month extension period without notice, bonus or penalty, other than payment of an Extension Fee in an amount to be determined by the Chargee, which shall be added to the principal balance if this extension provision is utilized, and payment of any applicable discharge fees in an amount to be determined by the Chargee.

DATED this 25th day of September, 2008.

BRITISH COLUMBIA INVESTMENT
MANAGEMENT CORPORATION
by its solicitors,
GOLDMAN SLOAN NASH & HABER LLP

Per
Walter M. Traub

END OF SET

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200820 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200821 Cote
Filing Date Oct. 7th 2008 Date de Dépôt
Page 1 of/de 21 Page
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

BANK OF MONTREAL

ONTARIO
STANDARD CHARGE TERMS
ALL INDEBTEDNESS MORTGAGE
(COMMERCIAL/FARM)

Filing Number __________

The following set of standard charge terms (together with any schedules attached hereto, the "**Standard Charge Terms**") shall be deemed to be included in each mortgage or charge in which it is referred to by its filing number as provided in section 9 of the *Land Registration Reform Act*, R.S.O. 1990, except to the extent that the provisions of the Standard Charge Terms are excluded or varied by such mortgage or charge.

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B. DEFINITIONS

In this set of Standard Charge Terms and in each Mortgage, the following terms shall have the following meanings:

1. "**Applicable Rate**" means:

   (a) the applicable interest rate specified by the applicable note or agreement delivered by the Mortgagor to the Mortgagee or between the Mortgagor and the Mortgagee; or

   (b) if the interest rate referred to in subsection (a) is not so specified, the applicable interest rate specified by the Mortgage.

2. "**Controlling Entity**" means any corporation or other entity which on the date of the Mortgage beneficially owned, directly or indirectly, shares, other securities or other equity interests issued by the Mortgagor or a Guarantor which have more than 50% of the total ordinary voting power of all shares, other securities and other equity interests issued by the Mortgagor or such Guarantor.

3. "**Default**" means a default referred to in section I.

4. "**Guarantor**" means a person who guaranteed payment of all or any Indebtedness.

5. "**Indebtedness**" means all present and future indebtedness and liability now or hereafter owing by the Mortgagor to the Mortgagee whether direct or indirect, absolute or contingent, or revolving or non-revolving, whether incurred by the Mortgagor alone or together with any other debtor or debtors and whether incurred pursuant to the provisions of the Mortgage or otherwise including all principal, interest, guarantee liabilities, letter of credit indemnity liabilities, bankers acceptance indemnity liabilities, fees and expenses now or hereafter owing by the Mortgagor to the Mortgagee.

6. "**Insolvency Proceeding**" means a proceeding commenced under the *Companies' Creditors Arrangement Act*, the *Bankruptcy and Insolvency Act* or any other similar statute.

7. "**Lease**" means a lease, offer to lease or other similar agreement of or with respect to the Mortgaged Land in favour of, or held by the Mortgagor as tenant and referred to in the Mortgage, as such lease, offer to lease or other similar agreement is amended or replaced from time to time.

8. "**Mortgage**" means the applicable registered mortgage or charge (as amended from time to time) in which this set of Standard Charge Terms is incorporated by reference to its filing number (including all Schedules thereto), includes any such mortgage or charge registered electronically or otherwise and includes such mortgage or charge whether or not any provision of the Standard Charge Terms is excluded or varied.

9. "**Mortgaged Land**" means the real property described in the Mortgage, all appurtenances thereto and all estates and interests therein, and includes all buildings, plant, machinery, crops, erections and improvements, fixed or otherwise, present or future, built, grown, placed or put thereon including all fences, heating equipment, plumbing equipment, antennae, radiators, mirrors, air-conditioning equipment, ventilating equipment, fire alarm and protective systems, lighting and lighting fixtures, hay racks, barn fixtures, milking machine equipment, water tanks, pumps and windmills, water bowls and pipes, feed boxes, litter carriers and tracks, mobile homes affixed to the real property, furnaces, boilers, oil burners, stokers, water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows, storm doors, window screens, door screens, shutters and awnings, all apparatus and equipment appurtenant thereto, and all other fixtures and accessions of any kind or nature.

10. "**Mortgagee**" means the mortgagee or chargee referred to in the Mortgage and its successors and assigns.

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11. "**Mortgagee's Prime Rate**" means the fluctuating annual rate of interest determined by Bank of Montreal from time to time as the reference rate it will use to determine rates of interest payable by borrowers from Bank of Montreal of Canadian dollar loans made in Canada and designated by Bank of Montreal as its prime rate.

12. "**Mortgagor**" means the person or persons identified as the mortgagor or chargor in the Mortgage and his, her, its or their respective heirs, executors, administrators, personal representatives, successors and assigns.

13. "**Other Encumbrances**" means all statutory liens, construction liens, mechanics' liens, builders' liens, other liens, executions, mortgages, charges, and other encumbrances which charge or otherwise affect or could affect the Mortgaged Land but excludes the Mortgage.

14. "**Permitted Prior Mortgage**" means a mortgage or charge of the Mortgaged Land which ranks in priority to the Mortgage and which the Mortgagee has approved in writing.

15. "**Receiver**" means a receiver, receiver and manager or other similar person.

16. "**Schedule**" means a schedule to the Mortgage.

17. "**Taxes**" means all taxes, rates and assessments, municipal, provincial, federal or otherwise, with respect to the Mortgaged Land.

C. OPERATION OF THE MORTGAGE

1. *Charge of Mortgaged Land.* In consideration of other valuable consideration and a loan advance made or other credit extended by the Mortgagee to the Mortgagor (the receipt and sufficiency of which are acknowledged by the Mortgagor), the Mortgagor hereby mortgages and charges the Mortgaged Land to and in favour of the Mortgagee as security for payment to the Mortgagee of all Indebtedness and as security for the observance and performance by the Mortgagor of all other obligations of the Mortgagor pursuant to or in respect of the Mortgage or the Standard Charge Terms. Subject to the provisions of the Mortgage, the Mortgagor releases to the Mortgagee, all the Mortgagor's claims upon the Mortgaged Land.

2. *Repayment of Principal on Demand.* The Mortgagor shall pay all Indebtedness to the Mortgagee on demand by the Mortgagee for payment.

3. *Restriction on Voluntary Prepayments.* The Mortgagor shall not be entitled to prepay voluntarily any principal amount (including any principal amount owing with respect to a revolving line of credit or a demand loan) except to the extent agreed to by the Mortgagee in writing.

4. *Calculation and Payment of Interest.* The Mortgagor shall pay to the Mortgagee when due interest payable by the Mortgagor on each part of the Indebtedness (including interest on overdue interest) at the Applicable Rate which applies to such part of the Indebtedness. Interest shall accrue on each part of the Indebtedness from the date such part is incurred to the date such part is paid to the Mortgagee in full. Interest shall be calculated and payable monthly not in advance on the first day of each month unless otherwise agreed by the Mortgagor and the Mortgagee in writing. Whenever there is more than one Applicable Rate, the Applicable Rate referred to in Sections D, E, G, J and K shall, unless otherwise agreed by the Mortgagee in writing, be the higher or highest of such Applicable Rates.

5. *Continuing Security.* The Mortgage shall be continuing security in favour of the Mortgagee for the payment of all Indebtedness, notwithstanding at any time and from time to time there is:

   (a) any change in the nature, state or form of any account between the Mortgagor and the Mortgagee;

   (b) any new advance by the Mortgagee to the Mortgagor, whether by way of loan, discount, the drawing of a cheque against an account of the Mortgagor or otherwise;

(c) any discount or acceptance by the Mortgagee from or for the Mortgagor of any note, bill of exchange or other negotiable instrument or commercial paper;

(d) any credit of any amount to any account of the Mortgagor by reason of deposit of moneys or otherwise; or

(e) any renewal, replacement, substitution or alteration of any note, bill of exchange or other negotiable instrument or other commercial paper from time to time held by the Mortgagee or any reduction, satisfaction, payment, release or discharge thereof or of any other security therefor.

Nothing herein shall prejudice any of the Mortgagee's rights pursuant to or in respect of any note, bill of exchange, other agreement or other security now or hereafter held by the Mortgagee.

6. *Divided Parts of Mortgaged Land.* Every part of the Mortgaged Land into which the Mortgaged Land may hereafter be divided by a plan of subdivision shall continue to be charged with payment of all Indebtedness but the Mortgagee may discharge any part or parts of the Mortgaged Land with or without sufficient consideration and without releasing the Mortgagor from the Mortgage and no person shall have any right to require the Indebtedness to be apportioned between or among such parts.

7. *Application of Amounts Paid.* Any and all amounts received by the Mortgagee with respect to Indebtedness before a Default shall, unless otherwise specified by the Mortgagee in writing, be applied firstly to reduce compound interest, secondly to reduce interest (other than compound interest), thirdly to reduce principal and fourthly to reduce any other Indebtedness. Any and all amounts received by the Mortgagee after a Default (including any and all amounts received from any security held by the Mortgagee) shall be applied by the Mortgagee in the manner determined by the Mortgagee in its sole discretion.

8. *Discharge of Mortgage.* If the Mortgagor shall duly pay to the Mortgagee all Indebtedness and the Mortgagee is not then obligated to extend any credit to the Mortgagor, the Mortgagor may request from the Mortgagee a discharge of the Mortgage and, upon delivery by the Mortgagee to the Mortgagor of a discharge of the Mortgage, the Mortgage shall terminate and cease to operate; provided that the Mortgage shall not terminate or cease to operate while any Indebtedness remains unpaid or while the Mortgagee is obligated to extend any credit to the Mortgagor only because, at any prior time or times, all Indebtedness had been paid in full. The Mortgagee shall not be obligated to deliver any partial discharge of the Mortgage.

9. *Consolidation of Mortgages.* To the extent permitted by law, the doctrine of consolidation shall apply with respect to *inter alia* the Mortgage.

D. COVENANTS, REPRESENTATIONS AND WARRANTIES OF MORTGAGOR

1. *Payment of Principal and Interest.* The Mortgagor shall pay to the Mortgagee when due all Indebtedness without deduction or set-off of any kind. The Mortgagor expressly agrees not to fail to pay any Indebtedness when due and not to reduce the amount of any due payment of any Indebtedness as a result, or in respect of any existing or future claim by the Mortgagor against the Mortgagee or against any other person whether such claim relates to any or all Indebtedness, the Mortgage, any other agreement between the Mortgagor and the Mortgagee, any other transaction or any other agreement or matter whatsoever.

2. *Observance and Performance of Other Obligations.* The Mortgagor shall duly and punctually observe and perform all the Mortgagor's existing and future obligations pursuant to the Mortgage and all the Mortgagor's existing and future obligations pursuant to any and all other existing and future agreements delivered by the Mortgagor to the Mortgagee or between the Mortgagor and the Mortgagee.

3. *Payment of Taxes.* The Mortgagor shall promptly pay all Taxes as they become due and, within one month after the date fixed for the payment of the last installment of Taxes in each year, shall deliver to the Mortgagee a receipted tax bill showing payment in full of all such Taxes payable during such year. If the Mortgagor fails to pay any Taxes as they become due, the Mortgagee may, at its option, pay the whole or any part of such Taxes. The amounts so paid by

the Mortgagee shall be payable forthwith by the Mortgagor to the Mortgagee with interest thereon at the Applicable Rate, shall be a part of the Indebtedness and shall be secured by the Mortgage.

4. *Good Title and Free From Encumbrances.* The Mortgagor represents and warrants to the Mortgagee that the Mortgagor is the legal and beneficial owner of, and has good, absolute and indefeasible title and estate in fee simple to the Mortgaged Land (or the leasehold interest therein if section E applies), free of any Other Encumbrances except any Permitted Prior Mortgage and except any public utilities easements or similar easements or restrictive covenants that do not impair the value, marketability or use of the Mortgaged Land or were approved by the Mortgagee in writing, and free of any reservations, limitations, provisos or conditions whatsoever except those contained in the original grant thereof, if any, from the Crown; the Mortgagor has good right, full power and lawful and absolute authority to mortgage and charge the Mortgaged Land (or, if section E applies, its leasehold interest therein) to the Mortgagee in accordance with the provisions of the Mortgage; the Mortgagor has not done, omitted or permitted anything whereby the Mortgaged Land or the Mortgagor's estate, right, title or interest therein is or may be alienated, encumbered, liened, charged, mortgaged, impeached or affected except for the delivery of any Permitted Prior Mortgage. The Mortgagor shall keep the Mortgaged Land (or, if section E applies, the Mortgagor's leasehold interest therein) free and clear of and from all Other Encumbrances (other than any Permitted Prior Mortgage) including any arrears secured by any statutory liens or arrears of Taxes.

5. *Insurance.* The Mortgagor shall maintain, in form, substance and amount and with insurers satisfactory to the Mortgagee, all insurance required by the Mortgagee from time to time with respect to the Mortgaged Land (including boiler, property, public liability, rental, environmental and business interruption insurance and insurance covering all crops grown on the Mortgaged Land insuring such crops against damage by hail and against perils covered by all-risk crop insurance). The Mortgagor shall deliver to the Mortgagee, from time to time at the Mortgagee's request, certificates of insurance and certified copies of such insurance policies showing all loss payable to the Mortgagee as first mortgagee (subject to the interests of the holder of any Permitted Prior Mortgage) and loss payee and containing a mortgage clause satisfactory to the Mortgagee. As additional and separate security for payment of all Indebtedness, the Mortgagor hereby assigns to the Mortgagee all the Mortgagor's present and future interests in and to all such present and future insurance policies and all proceeds therefrom. The Mortgagor shall not repair any damage using proceeds of any insurance without the Mortgagee's prior written consent and the Mortgagee may, at its discretion, apply any and all insurance proceeds to reduce Indebtedness. If the Mortgagor fails to maintain insurance required by the Mortgagee, the Mortgagee may arrange insurance with respect to the Mortgaged Land, the Mortgagor shall pay to the Mortgagee, on demand by the Mortgagee, all amounts paid by the Mortgagee to effect such insurance and the Mortgagor shall pay interest thereon at the Applicable Rate; and all such amounts owing by the Mortgagor shall be part of the Indebtedness and secured by the Mortgage. The Mortgagor shall, forthwith on the occurrence of any loss or damage, furnish at the Mortgagor's own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance monies. Any insurance monies received may, at the option of the Mortgagee, to the extent permitted by law, be applied to rebuild or repair the premises on the Mortgaged Land or be paid to the Mortgagor or any other person appearing by the registered title to be or to have been the owner of the Mortgaged Land, or be applied to pay Indebtedness whether or not then due, despite any law, equity or statute to the contrary. The Mortgagor, to the extent permitted by law, hereby waives any statutory or other right it may have to require any insurance proceeds to be applied in any particular manner.

6. *Payment of Other Encumbrances.* The Mortgagor shall promptly pay when due all amounts now or hereafter owing pursuant to or with respect to any Other Encumbrances and shall deliver to the Mortgagee, at the Mortgagee's request, evidence showing payment in full of all such amounts. If the Mortgagor fails to pay any Other Encumbrances when due, the Mortgagee may, at its option, pay the whole or any part of any present or future Other Encumbrances. The amounts so paid shall be payable forthwith by the Mortgagor to the Mortgagee with interest thereon at the Applicable Rate, shall be a part of the Indebtedness and shall be secured by the Mortgage. In the event the Mortgagee pays any Other Encumbrance, it shall be entitled to all the equities, rights and securities of the person or persons so paid and to obtain an assignment of such Other Encumbrance so paid and of any right to payment and is hereby authorized to retain any discharge thereof without registration for so long as it may think fit to do so.

7. *Payment of Expenses.* The Mortgagor shall, on demand by the Mortgagee, pay all costs, charges, expenses (including legal fees as between a solicitor and his or her own client), commissions and fees which may be incurred by the Mortgagee in negotiating any credit or credits secured by the Mortgage, investigating the title to the Mortgaged Land, preparing and registering the Mortgage and other documents, administering any credit or credits extended by the Mortgagee to the Mortgagor, inspecting the Mortgaged Land, collecting any Indebtedness, taking any proceeding in connection with or to collect any Indebtedness, taking and maintaining possession of the Mortgaged Land, maintaining and repairing the Mortgaged Land, and taking any other enforcement proceedings. The Mortgagor shall deliver to the Mortgagee, at the Mortgagee's request, evidence showing payment in full of all such amounts. If the Mortgagor fails to pay any such amounts as they become due, the Mortgagee may, at its option, pay any such amounts and the amounts so paid by the Mortgagee shall be payable forthwith by the Mortgagor to the Mortgagee with interest thereon at the Applicable Rate, shall be a part of the Indebtedness and shall be secured by the Mortgage.

8. *Compliance with Laws.* The Mortgagor represents and warrants to the Mortgagee that, as at the date of the Mortgage, the Mortgagor has complied with, and the Mortgagor agrees that it shall comply with all laws, by-laws and regulations affecting the Mortgaged Land and all orders and decisions of any governmental authority, governmental agency or court having jurisdiction affecting the Mortgaged Land (including all such laws, by-laws, regulations, orders and decisions relating to the environment or to residential or other property, including those relating to the amount of rent charged by the Mortgagor with respect to any part of the Mortgaged Land). The Mortgagor shall, at the Mortgagor's expense, promptly and in good and workmanlike manner make all improvements, alterations, clean-ups and repairs and effect any change in use that may be required from time to time to so comply.

9. *Maintain in Good Repair and Avoid Waste.* The Mortgagor represents and warrants to the Mortgagee that, as at the date of the Mortgage, all buildings, erections, equipment, machinery and improvements on the Mortgaged Land are in good condition and repair and that all noxious weeds have been eradicated from the Mortgaged Land. The Mortgagor shall maintain all buildings, erections, equipment, machinery and improvements on the Mortgaged Land in good condition and repair to the satisfaction of the Mortgagee, shall eradicate all noxious weeds from the Mortgaged Land and shall not permit waste to be committed or suffered on the Mortgaged Land or any part thereof. The Mortgagee or its agent shall be entitled, from time to time, to enter on the Mortgaged Land to inspect the Mortgaged Land and to undertake any tests (including intrusive environmental tests) required by the Mortgagee. If the Mortgagor neglects to keep the Mortgaged Land or any buildings, erections, equipment, machinery or improvements on the Mortgaged Land in good condition and repair, fails to eradicate noxious weeds from the Mortgaged Land or commits or permits any act of waste on the Mortgaged Land (as to which the Mortgagee shall be the sole judge), or fails to comply with section D.8., the Mortgagee or its agent may enter upon the Mortgaged Land and make such repairs and undertake such work and take such action as the Mortgagee deems necessary. All costs of such inspection, testing, repairs, work and action shall be payable forthwith by the Mortgagor to the Mortgagee with interest thereon at the Applicable Rate, shall be a part of the Indebtedness and shall be secured by the Mortgage.

10. *Environmental Representation and Indemnity.* The Mortgagor represents and warrants to the Mortgagee that there has not occurred, after the date the Mortgagor acquired an interest in the Mortgaged Land, any spill, leak, contamination or other material environmental problem affecting the Mortgaged Land or any part thereof (other than any such spill, leak, contamination or other environmental problem which has been remedied). The Mortgagor shall indemnify and save harmless the Mortgagee and any Receiver of the Mortgaged Land from any and all expenses and damages incurred or suffered by the Mortgagee or such Receiver as a result, or in respect of any spill, leak, contamination or other environmental problem affecting the Mortgaged Land or any part thereof. This indemnity shall survive the payment of all Indebtedness and the satisfaction, discharge or enforcement of the Mortgage or any other security.

11. *No Alterations or Change in Use.* The Mortgagor shall not, without the prior written consent of the Mortgagee, make, or permit to be made, any alterations or additions to the Mortgaged Land or any building thereon or change the Mortgagor's use of the Mortgaged Land or any building thereon and the Mortgagor shall not allow the Mortgaged Land to be unoccupied or unused.

12. *No Unapproved Charge or Encumbrance by Mortgagor.* The Mortgagor shall not, without the Mortgagee's prior written consent, mortgage, charge, lien or encumber the Mortgaged Land or any part thereof or any interest therein or permit any Other Encumbrance to remain thereon except for any Permitted Prior Mortgage and a charge for current Taxes which are not then due.

13. *Change in Ownership or Spousal Status.* Upon any change or event affecting any of the following, namely:

(a) the spousal status of the Mortgagor, if the Mortgagor is an individual;

(b) the qualification of the Mortgaged Land as a matrimonial home; or

(c) the ownership of the Mortgaged Land,

the Mortgagor shall forthwith advise the Mortgagee accordingly in writing and furnish the Mortgagee with full particulars thereof, the intention being that the Mortgagee shall be kept fully informed of the names and addresses of the owner or owners of the Mortgaged Land and of any spouse who is not an owner but who may have a legal right of possession of or interest in the Mortgaged Land. The Mortgagor shall furnish the Mortgagee with such evidence in connection with any of subsections (a), (b) and (c) of this provision as the Mortgagee may from time to time request.

14. *Expropriation.* If the Mortgaged Land or any part thereof is condemned or expropriated to an extent which, in the Mortgagee's sole discretion, materially affects the Mortgagee's security, all Indebtedness shall, at the option of the Mortgagee, be deemed to have become due and payable on the day before such condemnation or expropriation, and interest shall continue to accrue thereon, at the Applicable Rate, until the Mortgagee has been paid all Indebtedness. The Mortgagor shall pay to the Mortgagee from any condemnation or expropriation proceeds the full amount thereof, to be applied by the Mortgagee to reduce Indebtedness.

15. *Power of Attorney.* The Mortgagor hereby irrevocably appoints the Mortgagee or any Receiver appointed by the Mortgagee under or pursuant to the Mortgage or by any order of a Court of competent jurisdiction, as the Mortgagor's attorney for all purposes to take any and all action deemed appropriate by the Mortgagee or such Receiver after the occurrence of a Default.

16. *Further Assurances.* The Mortgagor shall (and shall cause each person having or claiming to have an estate, right, title or interest in or to the Mortgaged Land to) at any time and from time to time, at the Mortgagee's request, do, execute and deliver or cause to be made, executed and delivered to the Mortgagee such further and other reasonable acts, deeds, conveyances, charges and assurances as may be required by the Mortgagee to fully and effectually carry out the intention and meaning of the Mortgage and the provisions included in the Mortgage and the reasonable cost of such further assurances shall be part of the Indebtedness and secured by the Mortgage.

17. *Business Purposes Only.* The Mortgagor shall use only for business purposes any amounts loaned by the Mortgagee to the Mortgagor and secured by the Mortgage.

18. *No Registration of Condominiums or Strata Title Developments.* The Mortgagor shall not, without the Mortgagee's prior written consent, register any condominium or strata title development with respect to all or part of the Mortgaged Land or any declaration or description with respect thereto and the Mortgagee shall not have any obligation to provide such consent.

19. *Delivery of Information.* The Mortgagor shall deliver to the Mortgagee, promptly at the Mortgagee's request, all financial statements and other information as the Mortgagee may request from time to time with respect to the Mortgagor, a Guarantor or the Mortgaged Land.

20. *No Litigation or Other Proceedings.* The Mortgagor represents and warrants that, as at the date of the Mortgage, there is no application, litigation, proceeding or investigation outstanding or, to the Mortgagor's knowledge, pending or threatened, against the Mortgagor or any Guarantor or with respect to the Mortgaged Land or any part thereof including any application, litigation, proceeding or investigation in respect of residential or other property by-laws or regulations. The Mortgagor shall notify the Mortgagee in writing of any such application, litigation, proceeding or investigation commenced after the date of the Mortgage, promptly after such commencement.

21. *Mortgagor a Canadian Resident.* The Mortgagor represents and warrants that, as at the date of the Mortgage, it is not a non-resident of Canada for purposes of the Income Tax Act and agrees that the Mortgagor shall not, without the Mortgagee's prior written consent, become a non-resident of Canada.

22. *Good Management of Mortgaged Land.* The Mortgagor shall at all times cause the Mortgaged Land to be managed in a commercially reasonable manner by the Mortgagor or by a property manager satisfactory to the Mortgagee, acting reasonably.

23. *Abutting Real Property.* The Mortgagor shall not, without the Mortgagee's prior written consent, acquire any real property which abuts the Mortgaged Land. If the Mortgagee gives such consent, the Mortgagor shall, at the Mortgagee's request, deliver to the Mortgagee a mortgage or charge of such abutting real property and of the Mortgaged Land in form and substance satisfactory to the Mortgagee.

24. *Deemed Covenants Excluded.* In accordance with subsection 7(3) of the *Land Registration Reform Act*, the covenants deemed to be included in a mortgage or charge by subsection 7(1) of such statute are expressly excluded from the Mortgage.

25. *Defeasance Provisions Excluded.* The provisions relating to defeasance in subsection 6(2) of the *Land Registration Reform Act* are expressly excluded from the Mortgage.

E. MORTGAGE OF LEASEHOLD INTEREST

If the Mortgagor is not the owner of the Mortgaged Land in fee simple but is the owner of a leasehold interest in the Mortgaged Land as tenant, or as an assignee or successor of a tenant, pursuant to a Lease, the following provisions shall apply:

1. *Representations and Warranties.* The Mortgagor represents and warrants to the Mortgagee that, as at the date of the Mortgage:

   (a) the Lease is a good, valid and subsisting lease and has not been surrendered, forfeited or terminated or, except as specified in the Mortgage, amended, and the rents, covenants and provisions therein reserved and contained have been duly paid, performed and observed by the Mortgagor up to the date of the Mortgage; and

   (b) the Mortgagor has good right and full, lawful and absolute authority to charge, mortgage, demise and sublet the Mortgaged Land in accordance with the Mortgage and any consent thereto required of the applicable landlord has been obtained.

2. *Covenants Relating to Lease.* The Mortgagor agrees with the Mortgagee as follows:

   (a) The Mortgagor shall at all times fully perform and comply with all the obligations of the Mortgagor under or with respect to the Lease, or imposed on, assumed by or agreed to by the Mortgagor pursuant to any Other Encumbrances and, if the Mortgagor fails to do so, the Mortgagee may (but shall not be obliged to) take any action the Mortgagee deems necessary or desirable to prevent or to cure any default by the Mortgagor in the performance of or compliance with any such obligations. Upon receipt by the Mortgagee from the landlord, any prior mortgagee or encumbrancer, any claimant of any of the Other Encumbrances or any other person of any written notice of default, the Mortgagee may rely thereon and take any action to cure such default even though the existence of such default or the nature thereof may be questioned or denied by or on behalf of the Mortgagor and the Mortgagee shall have the absolute and immediate right to enter in and upon the Mortgaged Land or any part thereof to such extent and as often as the Mortgagee, in its sole discretion deems necessary or desirable, in order to prevent or to cure any such default. The Mortgagee may pay and expend such amounts as the Mortgagee in its sole discretion deems necessary for any such purpose, and the amounts so paid shall be payable by the Mortgagor to the Mortgagee on demand by the Mortgagee with interest thereon at the Applicable Rate, and shall be a part of the Indebtedness and be secured by the Mortgage.

(b) If the Mortgage is outstanding at the expiration of the term of the Lease and the Mortgagor refuses or neglects to exercise the Mortgagor's right, if any, to renew the Lease or refuses to pay any fees, costs, charges or expenses payable upon any such renewal, the Mortgagee may effect such renewal in the name of the Mortgagor or otherwise, and every such new or renewed Lease shall remain and be mortgaged and charged pursuant to the Mortgage in accordance with the Mortgage.

(c) From and after the execution and delivery of the Mortgage, the Mortgagor shall stand possessed of the Mortgaged Land for the remainder of the Lease in trust for the Mortgagee, and shall assign and dispose thereof as the Mortgagee may direct, but subject to the Mortgagor's right of redemption under the Mortgage. The Mortgagor hereby irrevocably appoints the Mortgagee as the Mortgagor's attorney for and on behalf of the Mortgagor to assign the Lease and convey the leasehold interest in the Mortgaged Land and the reversion thereof as the Mortgagee shall at any time direct after the occurrence of a Default and, in particular, upon any sale made by the Mortgagee under any power of sale contained in the Mortgage or granted by statute to assign the Lease and convey the Mortgagor's leasehold interest in the Mortgaged Land and the reversion to a purchaser. The Mortgagee may at any time remove the Mortgagor or any other person from being a trustee of the Lease under the above declaration of trust and appoint a new trustee or trustees.

(d) The Mortgagor shall not surrender, terminate, amend or modify the Lease or agree to do so without the prior written consent of the Mortgagee, which the Mortgagee may withhold in its absolute discretion. No release or forbearance of any of the Mortgagor's obligations under the Lease or under any Other Encumbrance shall release the Mortgagor from any of the Mortgagor's obligations under the Mortgage.

(e) Unless the Mortgagee expressly consents in writing, the title in fee simple to the Mortgaged Land and the leasehold estate shall not merge but shall always remain separate and distinct, notwithstanding the union of said estates by purchase or otherwise.

3. *Last Day of Term Excepted.* Despite any other provision of the Mortgage, the last day of the term of the Lease or any renewal thereof or any agreement therefor now held or hereafter acquired by the Mortgagor shall be excepted out of the mortgage, charge and demise contained in the Mortgage.

4. *Charge by way of Sublease.* Despite section C.1. and any other provision of the Mortgage, the Mortgagor mortgages and charges, by way of sublease, the Mortgagor's leasehold interest in the Mortgaged Land pursuant to the Lease (including any right of renewal and any right to purchase the Mortgaged Land or any part thereof as set out in the Lease), the mortgages and charges contained in the Mortgage shall be by way of sublease and the Mortgagee shall not have any obligation or liability to the landlord or any other person pursuant to or in respect of the Lease.

5. *Leasehold Interests.* Wherever any reference is made in the Mortgage to any right of the Mortgagee to sell, transfer, assign, lease, sublease, alienate or otherwise deal with the Mortgaged Land, such reference shall be deemed to relate to the existing and future rights and interests of the Mortgagor in the Mortgaged Land pursuant to the Lease.

F. ASSIGNMENT OF LEASES AND RENTS

If the Mortgagor or any predecessor of the Mortgagor grants or has granted any lease, offer to lease, tenancy agreement or other similar agreement of all or any part of the Mortgaged Land as landlord, the following provisions shall apply:

1. *Assignment.* As additional and separate security for payment of all Indebtedness, the Mortgagor hereby assigns, transfers and sets over to the Mortgagee, all the Mortgagor's rights and interests in all existing and future leases, tenancy agreements, offers to lease and other similar agreements with respect to all or part of the Mortgaged Land, and all rents, incomes,

profits and other amounts now or hereafter arising from or out of all or part of the Mortgaged Land or any building, improvement, fixture or part thereof forming part of the Mortgaged Land.

2. *Separate Assignments.* The assignment of each of the foregoing and of each of the rents, incomes, profits and other amounts by the Mortgagor to the Mortgagee pursuant to section F.1. shall be deemed to be a separate assignment so that the Mortgagee in its discretion may exercise its rights in respect of any or all of such leases, offers to lease, tenancy agreements or other similar agreements or the rents, incomes, profits or other amounts paid or payable thereunder.

3. *Collection by Mortgagor before Default.* Until there occurs a Default, the Mortgagor may collect, retain and apply all rents, incomes, profits and other amounts and deal with all leases, offers to lease, tenancy agreements and other similar agreements from time to time in accordance with sound business practice.

4. *No Liability of Mortgagee and Indemnity by Mortgagor.* Nothing herein shall obligate the Mortgagee to assume or perform (and nothing herein shall impose on the Mortgagee) any liability or obligation of the Mortgagor to any tenant or other person pursuant to or in respect of any lease, offer to lease, tenancy agreement, other similar agreement or otherwise and the Mortgagor hereby indemnifies and saves harmless the Mortgagee from any and all claims with respect thereto, provided that the Mortgagee may, at its sole option, assume or perform any such obligations as it considers necessary or desirable.

5. *Re-assignment.* The Mortgagee may, at any time without further request or agreement by the Mortgagor, reassign to the Mortgagor, or the Mortgagor's heirs, administrators, successors or assigns, any or all of the collateral referred to in section F.1.

6. *Application by Mortgagee.* The Mortgagee's obligations with respect to any amount collected by the Mortgagee shall be discharged by the application of such amount to reduce Indebtedness.

7. *Not Mortgagee in Possession.* Nothing contained herein shall have the effect of making the Mortgagee a mortgagee in possession of the Mortgaged Land.

G. CONDOMINIUM OR STRATA TITLE DEVELOPMENT PROVISIONS

If the Mortgaged Land is or includes one or more condominium units or strata title units, the following provisions shall apply:

1. *Compliance with Requirements.* The Mortgagor shall observe and perform each of the covenants and provisions required to be observed and performed pursuant to the Mortgage, all applicable statutes governing or affecting condominiums or strata title developments, and the declaration, description, by-laws and rules, as amended from time to time, of the applicable condominium corporation or strata corporation.

2. *Common Expense Payments.* The Mortgagor shall pay promptly when due any and all unpaid condominium or strata development fees, common expenses, common element expenses, assessments, levies, instalments, payments or any other amounts due to the applicable condominium corporation or strata corporation or any agent thereof by the Mortgagor and, at the Mortgagee's request, deliver to the Mortgagee evidence of the payment thereof.

3. *Right of Mortgagee to Pay.* If the Mortgagor does not pay when due any condominium or strata development fees, common expenses or other amounts referred to in section G.2., the Mortgagee may (but shall not be obliged to) pay such amounts, the Mortgagor shall forthwith pay such amounts to the Mortgagee with interest thereon at the Applicable Rate, and all such amounts owing by the Mortgagor to the Mortgagee shall be a part of the Indebtedness and secured by the Mortgage.

4. *Voting by Mortgagee.* The Mortgagor hereby irrevocably authorizes the Mortgagee to exercise the rights of the Mortgagor as an owner of the Mortgaged Land to vote or to consent in all matters relating to the affairs of the condominium corporation or strata corporation or arising under applicable law or the declaration or by-laws of the condominium or strata corporation, provided that:

(a) in any case where the Mortgagee is entitled to receive and does receive notice of a meeting of owners, the Mortgagee may notify the condominium or strata corporation and the Mortgagor of its intention to exercise the right of the owner to vote or to consent at such meeting at least two days before the date specified in the notice for the meeting, failing which the Mortgagor may exercise such right to vote or consent at such meeting;

(b) the Mortgagee shall not, by virtue of the giving to the Mortgagee of the right to vote or consent, be under any obligation to vote or consent or to protect the interests of the Mortgagor, and the Mortgagee shall not be responsible for any exercise or failure to exercise the right to vote or consent; and

(c) nothing herein contained, including the exercise by the Mortgagee of the right to vote or consent, shall constitute the Mortgagee a mortgagee in possession.

H. MORTGAGE AS SECURITY FOR A GUARANTEE

If the Mortgagor has delivered to the Mortgagee or now or hereafter delivers to the Mortgagee a guarantee or guarantees of payment to the Mortgagee of indebtedness or liability of another or others, the Indebtedness shall include all indebtedness and liability now or hereafter owing by the Mortgagor to the Mortgagee pursuant to such guarantee or guarantees, whether direct or indirect, absolute or contingent, and the Mortgage shall secure payment of all such indebtedness and liability of the Mortgagor pursuant to such guarantee or guarantees in addition to all other Indebtedness. If any such guarantee is increased or otherwise amended, the Mortgage shall also secure payment of all indebtedness and liability now or hereafter owing by the Mortgagor to the Mortgagee pursuant to such guarantee as increased or otherwise amended.

I. DEFAULT

The Mortgagor shall be in default of the Mortgage and a Default shall occur pursuant to the Mortgage if:

1. the Mortgagor fails to pay any Indebtedness when due;

2. the Mortgagor or a Guarantor fails to comply with any obligation of the Mortgagor or the Guarantor pursuant to or in respect of the Mortgage or any existing or future note, instrument or agreement delivered by the Mortgagor and the Guarantors (or any of them) to the Mortgagee or between the Mortgagor and the Guarantors (or any of them) and the Mortgagee;

3. the Mortgagor fails to comply with any obligation of the Mortgagor pursuant to or in respect of any Permitted Prior Mortgage or any Other Encumbrance;

4. any representation or warranty made by the Mortgagor or a Guarantor in the Mortgage, any agreement between the Mortgagor and the Guarantors (or any of them) and the Mortgagee, or any loan or credit application made in connection with any Indebtedness was untrue when made;

5. a Receiver is appointed of any asset of the Mortgagor or of a Guarantor;

6. any construction lien, mechanics' lien or builders' lien is registered against all or any part of the Mortgaged Land and is not discharged within seven days after a request by the Mortgagee that such lien be discharged;

7. all or any part of the Mortgaged Land is condemned or expropriated;

8. the Mortgagor or a Guarantor becomes bankrupt or insolvent;

9. a petition in bankruptcy is filed against the Mortgagor or a Guarantor;

10. the Mortgagor or a Guarantor makes a proposal in bankruptcy or files a notice of intention to make a proposal in bankruptcy;

11. the Mortgagor or a Guarantor makes an application as a debtor in any Insolvency Proceeding or any other person makes an application against the Mortgagor or a Guarantor in any Insolvency Proceeding;

12. the Mortgagor sells, transfers or disposes of in any other manner the Mortgaged Land, any part thereof or any interest therein (unless the Mortgagee has approved in writing such sale, transfer or other disposition);

13. an execution, judgment or order of execution is filed or made against the Mortgaged Land or any part thereof and remains unsatisfied for a period of ten days;

14. the Mortgagor fails to pay when due any amount owing by the Mortgagor to the applicable condominium corporation or strata corporation or any agent thereof referred to in section G.2.; or

15. the Mortgagor or a Guarantor is not an individual and a change in control of the Mortgagor or such Guarantor occurs without the prior written consent of the Mortgagee; for the purposes hereof, a change in control of the Mortgagor or a Guarantor shall be deemed to occur if there occurs one or more sales, transfers or other dispositions of the beneficial ownership existing on the date of the Mortgage in the aggregate of:

    (a) shares, other securities or other equity interests issued by the Mortgagor or such Guarantor which have more than 50% of the total ordinary voting power of all shares, other securities and other equity interests issued by the Mortgagor or such Guarantor; or

    (b) shares, other securities or equity interests issued by any Controlling Entity which have more than 50% of the total ordinary voting power of all shares, other securities and other equity interests issued by such Controlling Entity.

J. REMEDIES OF MORTGAGEE

1. *Acceleration and Termination of Obligation to Extend Credit.* Without prejudice to any right of the Mortgagee to demand at any time payment by the Mortgagor of any and all Indebtedness, upon the occurrence of a Default all Indebtedness (or any part thereof determined by the Mortgagee) shall, at the Mortgagee's option, forthwith become due and payable, the Mortgage shall become enforceable and the Mortgagee shall not be obligated to extend any further credit to the Mortgagor.

2. *Right of Entry.* Upon the occurrence of a Default, the Mortgagee may, at any time or times without the concurrence of any person, enter upon, take and maintain possession of the Mortgaged Land, inspect, complete the construction of, repair or maintain any buildings or other improvements thereon, lease, collect the rents, profits and other amounts derived from the Mortgaged Land and manage the Mortgaged Land as the Mortgagee may deem fit without hindrance or interruption by the Mortgagor or any other person, and all reasonable costs, charges and expenses, including legal fees on a solicitor and his or her own client basis, and disbursements, commissions and allowances for the time and services of any employees of the Mortgagee or any agent of the Mortgagee or other persons appointed for any such purpose shall be forthwith payable by the Mortgagor to the Mortgagee with interest thereon at the Applicable Rate, shall be a part of the Indebtedness and shall be secured by the Mortgage. Upon the occurrence of a Default, the Mortgagee may also enforce its security against all crops growing on the Mortgaged Land, the Mortgagee may, at any time or times without the concurrence of any person, enter upon the Mortgaged Land for the purpose of cutting, harvesting and removing such crops and for otherwise farming and working the Mortgaged Land, the Mortgagee may bring on the Mortgaged Land all machines, equipment and instruments necessary for such purposes, and the Mortgagee may use all yards, barns, granaries, grain bins or all other improvements and equipment located on the Mortgaged Land to carry out any of such activities.

3. *Sale.* Upon the occurrence of a Default which continues for at least fifteen days, the Mortgagee may, on at least thirty-five days' notice, sell the Mortgaged Land or any part or parts thereof, in accordance with the following provisions:

(a) notice shall be given to such persons and in such manner and form and within such time as provided by law; provided that, in the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable, notice may be effectually given by leaving it with a person on the Mortgaged Land, if occupied, or by placing the same on some portion thereof, if unoccupied or, at the option of the Mortgagee, by mailing it by registered mail in a notice or letter addressed to the Mortgagor at the Mortgagor's last known address, or by publishing it once in a newspaper published in the area or region in which the Mortgaged Land is situated;

(b) such notice shall be sufficient although not addressed to any person or persons by name or designation, and notwithstanding that any person to be affected thereby may be unknown, unascertained or under any disability;

(c) sale of the Mortgaged Land may be by public auction or private sale or partly by one and partly by the other, for such price or prices as can reasonably be obtained therefor and on such terms as to credit or otherwise and with such conditions of sale and stipulations as to title or evidence of title or otherwise as the Mortgagee in its sole discretion shall deem appropriate;

(d) in the event of any sale on credit or for part cash and part credit, the Mortgagee shall not be accountable for or charged with any moneys until actually received;

(e) the Mortgagee may rescind or vary any contract of sale and may buy in and re-sell the Mortgaged Land or any part thereof without being answerable for any loss occasioned thereby;

(f) the Mortgagee may sell all or any part of the buildings, fixtures, machinery, equipment, crops and standing or fallen trees separately from the Mortgaged Land and the purchaser shall have all necessary access to the Mortgaged Land for the purposes of severing, cutting and removal; and

(g) subject to compliance with law, sales may be made from time to time of any part or parts of the Mortgaged Land to satisfy any part or parts of the Indebtedness then owing to the Mortgagee leaving the remaining outstanding Indebtedness secured by the Mortgage as a charge of the remainder of the Mortgaged Land.

4. *Sale or Lease.* The following shall apply with respect to any sale or lease by the Mortgagee, its agent or any Receiver of all or part of the Mortgaged Land after the occurrence of a Default:

(a) no purchaser or lessee shall be bound to enquire into the legality, regularity or propriety of any sale or lease or be affected by notice of any irregularity or impropriety and no lack of default or lack of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale or lease;

(b) the Mortgagee may sell or lease all or part of the Mortgaged Land without entering into actual possession of the Mortgaged Land and, when it desires to take possession, it may break locks and bolts and while in possession shall only be accountable for moneys actually received by it;

(c) the Mortgagor hereby appoints the Mortgagee as the Mortgagor's true and lawful attorney and agent to make application under any statute for consent to sever, sell or lease part or parts of the Mortgaged Land and to do all things and execute all documents to effectually complete any such severance, sale or lease;

(d) the Mortgagee may lease or take sale proceedings notwithstanding that other mortgage proceedings have been taken or are then pending;

(e) the Mortgagee shall not be responsible for any loss which may arise by reason of any such leasing or sale of the Mortgaged Land unless such loss is caused by the Mortgagee's willful misconduct; and

(f) no sale, leasing or other dealing by the Mortgagee with the Mortgaged Land or any part thereof shall in any way change the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person liable for payment of any Indebtedness.

5. *Attornment.* To the extent the Mortgaged Land or any part thereof is not a residential premises so as to be subject to the provisions of the applicable statute governing residential tenancies, the Mortgagor hereby attorns to and becomes a tenant of such Mortgaged Land to the Mortgagee from year to year from the date of the execution of the Mortgage until the Mortgage is discharged at a rental equivalent to and applicable in satisfaction of the interest payments forming part of the Indebtedness, the legal relation of landlord and tenant being hereby constituted between the Mortgagee and the Mortgagor in regard to the Mortgaged Land. The Mortgagor agrees that neither the existence of this provision nor anything done by virtue hereof shall impose any obligation on the Mortgagee or render the Mortgagee a mortgagee in possession or accountable for any moneys except moneys actually received by the Mortgagee and the Mortgagee may, upon the occurrence of any Default, enter on the Mortgaged Land and terminate the tenancy hereby created without notice.

6. *Right to Distrain.* Upon the occurrence of a Default, to the extent permitted by law, the Mortgagee may distrain for payment of any and all Indebtedness upon the Mortgaged Land or any part thereof and all chattels situated thereon and by distress warrant recover, by way of rent reserved from the Mortgaged Land, such moneys as shall from time to time be or remain in arrears and all costs, charges and expenses incurred by or on behalf of the Mortgagee with respect to or in connection therewith as in like cases of distress for rent. The Mortgagor waives the right to claim exceptions and agrees that the Mortgagee shall not be limited in the amount for which it may distrain.

7. *Judgments and Non-Merger.* The taking of a judgment or judgments with respect to any of the covenants contained herein, in the Mortgage or otherwise shall not operate as a merger of any such covenants or affect the Mortgagee's right to receive interest under the Mortgage and each such judgment may provide, at the option of the Mortgagee, that interest thereon shall be computed and payable until such judgment has been fully paid and satisfied.

8. *Separate Remedies.* All remedies of the Mortgagee may be exercised from time to time separately or in combination and are in addition to and not in substitution for any other rights of the Mortgagee however created.

9. *Application of Proceeds and Mortgagor's Liability for Deficiency.* All amounts received by the Mortgagee or any Receiver pursuant to any enforcement of the Mortgage may be held by the Mortgagee as security for the Indebtedness or applied to reduce Indebtedness in such manner as may be determined by the Mortgagee and the Mortgagee may at any time apply or change any such appropriation of such payments to such part or parts of the Indebtedness as the Mortgagee may determine in its sole discretion. The Mortgagor shall be and remain liable to the Mortgagee for any deficiency. Any surplus amounts realized after payment of all Indebtedness shall be paid in accordance with applicable law.

10. *Mortgagor's Insolvency* Proceedings. The Mortgagor acknowledges that the Mortgaged Land is of such a unique nature that, if the Mortgagor seeks to reorganize or restructure its affairs pursuant to any Insolvency Proceeding, the Mortgagee would not have a sufficient commonality of interest with any other creditor or creditors of the Mortgagor such that the Mortgagee would be required to vote on any plan, reorganization, arrangement, compromise or other transaction in a class with any other creditor or creditors of the Mortgagor and, in that regard, the Mortgagor agrees that the Mortgagee shall be placed in its own exclusive class of creditors for voting purposes. The Mortgagor further agrees that:

(a) it will give the Mortgagee not less than 10 days written notice prior to the commencement of any Insolvency Proceeding with respect to the Mortgagor;

(b) in no circumstance will the Mortgagor seek an order which stays any right of the Mortgagee or, to the extent permitted by law, permit any right of the Mortgagee to be stayed, in any Insolvency Proceeding and, if any Court-ordered or automatic stay is imposed on the Mortgagee, the Mortgagor hereby consents to an order lifting such stay as against the Mortgagee;

(c) if an Insolvency Proceeding is commenced with respect to the Mortgagor, the Mortgagor will consent to an order directing that all rents or other revenues generated or received from or in respect of the Mortgaged Land be deposited to a segregated trust account under the sole control of the Mortgagee and that same shall not result in the Mortgagee's being a mortgagee in possession of, or in control or management of the Mortgaged Land or result in the acceleration of payment of any Indebtedness unless such acceleration is required by the Mortgagee in writing; and

(d) it shall not, without the Mortgagee's prior written consent, propose or permit the sale or transfer of the Mortgaged Land or any part thereof, in or as part of any Insolvency Proceeding, for a net sale price less than the amount required to pay in full all Indebtedness outstanding as at the date of payment of such net sale proceeds to the Mortgagee.

K. APPOINTMENT OF A RECEIVER

1. *Appointment.* Upon the occurrence of a Default, in addition to any other remedies available to the Mortgagee, the Mortgagee may by instrument in writing appoint a Receiver of all or any part of the Mortgaged Land and all rents, incomes, profits and other amounts now or hereafter arising therefrom. The Mortgagee may also apply to any court of competent jurisdiction for the appointment of a Receiver.

2. *Powers of Receiver.* Any Receiver appointed by the Mortgagee shall, to the extent permitted by law, have the following powers:

(a) to enter upon, take possession of, use, and occupy the Mortgaged Land or any part thereof;

(b) to collect all rents, incomes, profits and other amounts in respect of the Mortgaged Land and to carry on the business of the Mortgagor on the Mortgaged Land;

(c) to borrow money required for the maintenance, preservation or protection of the Mortgaged Land or for carrying on the business of the Mortgagor and, in the discretion of the Receiver, to charge the Mortgaged Land in priority to the Mortgage as security for the principal amounts so borrowed, interest thereon and costs related thereto;

(d) to sell, lease, or otherwise dispose of the Mortgaged Land or any part thereof on such terms and conditions and in such manner as the Receiver shall determine in its sole discretion, and to effect such sale by conveying in the name and on behalf of the Mortgagor or otherwise;

(e) to demand, commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession of the Mortgaged Land, and to give valid and effectual receipts and discharges therefor and to compromise or give time for the payment or performance of all or any part of the rents, accounts receivable or any other obligation of any person to the Mortgagor;

(f) to exercise any rights or remedies which could have been exercised by the Mortgagee against the Mortgagor or the Mortgaged Land or with respect thereto; and

(g) to execute all documents required to effect any of the foregoing.

3. *Identity of Receiver and Removal.* Any Receiver so appointed by the Mortgagee may be any person or persons satisfactory to the Mortgagee, and the Mortgagee may remove any Receiver so appointed and appoint another or others instead.

4. *Receiver as Agent of Mortgagor.* Any Receiver appointed by the Mortgagee shall be deemed to be agent of the Mortgagor unless the Mortgagee expressly specifies in writing that the Receiver shall be agent of the Mortgagee. The Mortgagor agrees to ratify and confirm all actions of the Receiver acting as agent for the Mortgagor and to release and indemnify the Receiver in respect of all such actions.

5. *Receivership Expenses.* The Mortgagor shall pay to the Receiver, forthwith on demand by the Mortgagee or the Receiver, the amount of all reasonable fees, disbursements and other expenses incurred by the Receiver in the exercise of its powers hereunder, with interest thereon at the Applicable Rate from the date on which such sums are incurred. All such sums, together with interest thereon at the Applicable Rate, shall be part of the Indebtedness and secured by the Mortgage.

6. *No Enquiries Required.* No persons dealing with the Receiver or its agents, upon any sale or other dealing with the Mortgaged Land, shall be concerned to inquire as to their powers or as to the application of any money paid to them, such sale or dealing shall be deemed as regards such person to be within the powers hereby conferred and to be valid and effectual.

L. MISCELLANEOUS

1. *Records of Mortgagee.* The records of the Mortgagee disclosing the amount of an extension of credit by the Mortgagee to the Mortgagor, the repayment of any principal amount of Indebtedness, the amount of accrued and unpaid interest owing by the Mortgagor and the amount of other Indebtedness (or any part thereof) at any time outstanding, shall constitute conclusive evidence thereof in the absence of mathematical error.

2. *Revolving Line of Credit.* The Mortgagee may wish to make loan advances and re-advances or otherwise extend credit to the Mortgagor from time to time up to a total outstanding principal amount not exceeding the principal amount referred to in the Mortgage. The Mortgage is and shall be continuing security to the Mortgagee for the payment of all Indebtedness. Any portion of the Indebtedness may be advanced or re-advanced by the Mortgagee or other credit may be extended by the Mortgagee in one or more sums at any future time or times and the amount of all such advances, re-advances or other credits when so made or extended shall be secured by the Mortgage and be payable by the Mortgagor with interest thereon at the Applicable Rate and the Mortgage shall be deemed to be taken as security for the ultimate balance of the monies hereby secured, provided that none of the execution or registration of the Mortgage or the advance in part of any monies or extension of any other credit by the Mortgagee shall obligate the Mortgagee to advance any unadvanced portion thereof or to extend any other credit. The Mortgage shall not be void or cease to operate because the Indebtedness secured hereby has at any time or times been paid in full.

3. *Assignment and Syndication.* The Mortgagee shall be entitled from time to time, both before and after a Default, without notice to, or the consent of the Mortgagor or any Guarantor:

(a) to sell or assign all or part of the Indebtedness and the Mortgagee's interests in the Mortgage and any other security and agreements held by the Mortgagee; and

(b) to syndicate all or part of the Indebtedness, the Mortgage and any other security and agreements held by the Mortgagee and to grant participations therein.

To facilitate the foregoing, the Mortgagee may provide each prospective purchaser, assignee, syndicated lender or participant and their respective advisers with financial and other information concerning the Indebtedness, the Mortgagor, the Mortgaged Land, any Guarantor, any other collateral or any other matter.

4. *General Indemnity by Mortgagor.* The Mortgagor hereby agrees, on demand by the Mortgagee, to indemnify and hold harmless the Mortgagee and its officers, directors, employees and agents from and against any and all claims, expenses, liabilities, losses and damages that may be asserted against or incurred by any of such indemnified persons arising out of, or in

connection with the Mortgage, any Indebtedness or any claim, investigation, proceeding or litigation relating to any of the foregoing, regardless of whether any such indemnified person is a party thereto (including any and all breakage costs reasonably incurred by the Mortgagee in respect of any breach by the Mortgagor of any of its obligations under the Mortgage) and to reimburse each such indemnified person, on demand by the Mortgagee, for any and all reasonable legal and other expenses incurred in investigating, pursuing or defending any of the foregoing or otherwise in connection with any of the foregoing; provided that the foregoing indemnity shall not, as to any indemnified person, apply to any claim, expense, liability, loss or damage or related expense to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the wilful misconduct or gross negligence of such indemnified person.

5. *Effect of Sale.* No sale, conveyance, transfer or other dealing by the Mortgagor with the Mortgaged Land or any part thereof or any approval of the Mortgagee relating thereto shall in any way change or affect the liability of the Mortgagor or in any way alter the rights of the Mortgagee as against the Mortgagor or any other person or persons liable for payment of the Indebtedness or any part thereof.

6. *Dealings with the Mortgagor and Others.* The Mortgagee may grant time, renewals, extensions, indulgences, releases and discharges to, may take security from and give the same and any and all existing security up to, may abstain from taking security from or from perfecting security of, may accept compositions from, may amend the Mortgage, and may otherwise deal with the Mortgagor and all other persons (including any principal debtor, any guarantor or any owner of the Mortgaged Land) and security as the Mortgagee may see fit without prejudicing any rights of the Mortgagee under the Mortgage.

7. *Amendments to Mortgage.* The Mortgagor and the Mortgagee may from time to time amend the Mortgage (including to increase the interest rate specified by the Mortgage) by an amendment agreement between the Mortgagor and the Mortgagee, whether or not such amendment agreement (or notice thereof) is registered. This provision shall constitute notice of such amendments and the Mortgage shall secure payment of all Indebtedness (including all interest and other Indebtedness arising or resulting from such amendments) and retain its priority with respect thereto over any mortgage, charge or other instrument registered subsequent to the Mortgage.

8. *Waiver.* No waiver, condonation or excusing by the Mortgagee of any default, breach or other non-performance by the Mortgagor at any time or times in respect of any provision of the Mortgage (including any Default) shall operate as a waiver by the Mortgagee of any subsequent or other default, breach or non-performance or prejudice or affect in any way the rights of the Mortgagee in respect of any such subsequent or other default, breach or non-performance.

9. *Discharge or Assignment.* The Mortgagee shall be entitled to prepare or have its counsel prepare a discharge or assignment of the Mortgage and any other documents necessary to discharge or assign any other security held by the Mortgagee and shall have a reasonable time after payment of the Indebtedness in full within which to prepare, execute and deliver such instruments. All reasonable costs, fees and disbursements of the Mortgagee and the Mortgagee's counsel in connection with the preparation, review, execution and delivery of the discharge, assignment or any other documents necessary to discharge or assign the Mortgage or any other security shall, to the extent permitted by law, be paid by the Mortgagor to the Mortgagee and be secured by the Mortgage.

10. *No Obligation to Advance.* Nothing herein and nothing contained in the Mortgage shall obligate the Mortgagee to loan any amount to the Mortgagor or to extend any other credit to the Mortgagor.

11. *Appointment of Attorney Irrevocable.* Each appointment by the Mortgagor of an attorney in the Mortgage or the Standard Charge Terms is coupled with an interest and may not be revoked.

12. *Other Security.* The Mortgage is in addition to and not in substitution for any other security at any time held by the Mortgagee as security for payment of all or any part of the Indebtedness, and the Mortgagee may, at its option, pursue its remedies thereunder or under the Mortgage concurrently or successively. Any judgment or recovery under the Mortgage or under any other

security held by the Mortgagee as security for payment of Indebtedness shall not affect the right of the Mortgagee to enforce or realize on the Mortgage or any other such security.

13. *Financing Statement.* To the extent permitted by law, the Mortgagor hereby waives its right to receive from the Mortgagee a copy of any financing statement, financing change statement, verification statement or other similar statement filed by or received by the Mortgagee or any agent of the Mortgagee.

14. *Notice.* Except as otherwise herein provided, any notice, demand or other communication to the Mortgagor referred to herein or in the Mortgage may be forwarded to the Mortgagor by personal delivery or mailed by prepaid ordinary or registered mail to the Mortgagor at the Mortgagor's last known address as shown on the Mortgagee's records. The Mortgagor shall be deemed to have received the same on the date of delivery, if personally delivered, or on the fourth day after the same is mailed by prepaid ordinary mail or registered mail, if mailed, even if the Mortgagor does not actually receive it.

15. *Different Currencies.* The payment of any part of the Indebtedness shall be made by the Mortgagor in the same currency as the currency in which such part of the Indebtedness is then denominated and all interest and fees shall be paid by the Mortgagor in the same currency as the currency in which that part of the Indebtedness to which they relate is denominated.

16. *Judgment Currency.* If in the recovery by the Mortgagee of any Indebtedness in any currency, judgment can only be obtained in another currency and, because of changes in the exchange rate of such currencies between the date of judgment and payment in full of the amount of such judgment, the recovery under the judgment differs from the receipt by the Mortgagee of the full amount of such Indebtedness, the Mortgagor shall pay any such deficiency to the Mortgagee, such deficiency may be claimed by the Mortgagee against the Mortgagor as an alternative or additional cause of action and any surplus received by the Mortgagee shall be repaid to the Mortgagor.

17. *Foreign Exchange Rate Determinations.* Whenever any provision of the Mortgage requires or permits the determination of the rate of exchange between any currencies, such rate of exchange shall be determined by the Mortgagee based on its normal practice as at the date of such determination.

18. *Governing Law.* The Standard Charge Terms and the Mortgage shall be governed by the law of the jurisdiction in which the Mortgaged Land is located.

19. *Time of Essence.* Time shall be of the essence of the Mortgage.

20. *Severability.* If any provision of the Mortgage is found by a court of competent jurisdiction to be illegal, invalid or unenforceable, such provision shall not apply and the Mortgage shall remain in full force and effect without such provision.

21. *Interpretation.* Whenever the context so requires, words in the singular shall include the plural, words in the plural shall include the singular and words importing any gender shall include the other genders. Whenever used in the Standard Charge Terms, the Mortgage or any Schedule, the words "including" and "includes" shall mean "including, without limitation" and "includes, without limitation", respectively, and the word "person" shall include an individual, corporation, partnership, government, government agency and any other entity.

22. *Titles.* Titles used in the Standard Charge Terms, the Mortgage or any Schedule are inserted for convenience of reference only and shall not affect or modify the interpretation or construction of any provision of the Standard Charge Terms, the Mortgage or any Schedule.

23. *Joint and Several Obligations.* If there is more than one Mortgagor, all Mortgagors shall be jointly and severally liable for all obligations of the Mortgagors pursuant to the Mortgage.

24. *Schedule.* Schedule "A" shall form part of the Standard Charge Terms.

25. *Equivalent Rate Information.* Schedule "A" is a summary of various annual rates of interest calculated half-yearly not in advance equivalent to the corresponding annual rates calculated monthly not in advance. The rate of interest chargeable, calculated half-yearly not in advance, equivalent to each Applicable Rate, is shown by Schedule "A".

26. *Successors and Assigns.* All rights and powers of the Mortgagee shall enure to the benefit of and be exercisable by the Mortgagee and the Mortgagee's successors and assigns. All covenants, obligations and liabilities entered into or imposed on the Mortgagor shall be binding on the Mortgagor and the Mortgagor's heirs, executors, administrators, personal representatives, successors and assigns.

DATED the 8th day of September, 2008.

BANK OF MONTREAL

By: DOUG PALMER
Title: VP COMMERCIAL PRODUCTS

By:
Title: Assistant Secretary

No. 3587

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200821 Cote

SCHEDULE "A"

The interest rates set out in Column B are the annual interest rates calculated half-yearly not in advance which are equivalent to the corresponding annual interest rates calculated monthly not in advance, set out in Column A.

COLUMN A	COLUMN B	COLUMN A	COLUMN B
Interest rate calculated monthly not in advance	**Interest rate calculated half-yearly not in advance**	**Interest rate calculated monthly not in advance**	**Interest rate calculated half-yearly not in advance**
3.0000%	3.0188%	11.6250%	11.9102%
3.1250%	3.1454%	11.7500%	12.0414%
3.2500%	3.2721%	11.8750%	12.1727%
3.3750%	3.3988%	12.0000%	12.3040%
3.5000%	3.5256%	12.1250%	12.4354%
3.6250%	3.6525%	12.2500%	12.5669%
3.7500%	3.7794%	12.3750%	12.6985%
3.8750%	3.9064%	12.5000%	12.8301%
4.0000%	4.0335%	12.6250%	12.9618%
4.1250%	4.1606%	12.7500%	13.0935%
4.2500%	4.2878%	12.8750%	13.2253%
4.3750%	4.4151%	13.0000%	13.3572%
4.5000%	4.5424%	13.1250%	13.4892%
4.6250%	4.6698%	13.2500%	13.6212%
4.7500%	4.7973%	13.3750%	13.7533%
4.8750%	4.9248%	13.5000%	13.8854%
5.0000%	5.0524%	13.6250%	14.0177%
5.1250%	5.1800%	13.7500%	14.1499%
5.2500%	5.3078%	13.8750%	14.2823%
5.3750%	5.4355%	14.0000%	14.4147%
5.5000%	5.5634%	14.1250%	14.5472%
5.6250%	5.6913%	14.2500%	14.6798%
5.7500%	5.8193%	14.3750%	14.8124%
5.8750%	5.9474%	14.5000%	14.9451%
6.0000%	6.0755%	14.6250%	15.0779%
6.1250%	6.2037%	14.7500%	15.2108%
6.2500%	6.3319%	14.8750%	13.3437%
6.3750%	6.4603%	15.0000%	15.4766%
6.5000%	6.5887%	15.1250%	15.6097%
6.6250%	6.7171%	15.2500%	15.7428%
6.7500%	6.8456%	15.3750%	15.8760%
6.8750%	6.9742%	15.5000%	16.0092%
7.0000%	7.1029%	15.6250%	16.1425%
7.1250%	7.2316%	15.7500%	16.2759%
7.2500%	7.3604%	15.8750%	16.4094%
7.3750%	7.4892%	16.0000%	16.5429%
7.5000%	7.6182%	16.1250%	16.6765%
7.6250%	7.7472%	16.2500%	16.8102%
7.7500%	7.8762%	16.3750%	16.9439%
7.8750%	8.0053%	16.5000%	17.0777%
8.0000%	8.1345%	16.6250%	17.2116%
8.1250%	8.2638%	16.7500%	17.3455%
8.2500%	8.3931%	16.8750%	17.4795%
8.3750%	8.5225%	17.0000%	17.6136%
8.5000%	8.6519%	17.1250%	17.7444%
8.6250%	8.7815%	17.2500%	17.8819%
8.7500%	8.9111%	17.3750%	18.0162%
8.8750%	9.0407%	17.5000%	18.1506%
9.0000%	9.1704%	17.6250%	18.2850%
9.1250%	9.3002%	17.7500%	18.4195%
9.2500%	9.4301%	17.8750%	18.5540%
9.3750%	9.5600%	18.0000%	18.6887%
9.5000%	9.6900%	18.1250%	18.8233%
9.6250%	9.8201%	18.2500%	18.9581%
9.7500%	9.9502%	18.3750%	19.0929%
9.8750%	10.0804%	18.5000%	19.2278%
10.0000%	10.2107%	18.6250%	19.3628%
10.1250%	10.3410%	18.7500%	19.4979%
10.2500%	10.4714%	18.8750%	19.6330%
10.3750%	10.6019%	19.0000%	19.7682%
10.5000%	10.7324%	19.1250%	19.9034%
10.6250%	10.8630%	19.2500%	20.0387%
10.7500%	10.9937%	19.3750%	20.1741%
10.8750%	11.1244%	19.5000%	20.3096%
11.0000%	11.2552%	19.6250%	20.4451%
11.1250%	11.3861%	19.7500%	20.5807%
11.2500%	11.5170%	19.8750%	20.7163%
11.3750%	11.6480%	20.0000%	20.8521%
11.5000%	11.7791%		

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200821 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200822 Cote
Filing Date Oct. 7th 2008 Date de Dépôt
Page 1 of/de 22 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

FILED BY: **FIRST NATIONAL FINANCIAL GP CORPORATION**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number as provided in Section 9 of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended, except to the extent that the provisions of these terms are modified by any additions, amendments or deletions provided for or stipulated in such charge, or in any schedule(s) annexed thereto.

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1. DEFINITIONS

In this set of Standard Charge Terms the following words shall have the following meanings.

"**Applicable Laws**" means all applicable federal, provincial and municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all common laws or equitable principles whether now or hereafter in force and effect.

"**Balance Due Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"**Change of Control**" has the meaning ascribed thereto in Section 15.

"**Charge**" means collectively, the Charge Form, this set of Standard Charge Terms, any Schedules attached to the Charge Form and all renewals, extensions or amendments thereof from time to time.

"**Charge Form**" means the form, stipulated by Applicable Laws, to which these Standard Charge Terms are attached or incorporated by reference or election.

"**Chargee**" means the Person or Persons named on the Charge Form as mortgagee or chargee and includes any Person to which the Chargee transfers this Charge.

"**Chargor**" means the Person or Persons named on the Charge Form as mortgagor or chargor and any successor in title to such Person or Persons with respect to the Property.

"**CMHC**" means Canada Mortgage and Housing Corporation and its successors and assigns.

"**Commitment**" means the written agreement to make and to accept the Loan entered into between First National Financial LP as lender and the Chargor prior to the execution of this Charge and includes any written communication between the parties renewing, extending or amending the terms of the Loan or any of the Loan Documents, together with all other renewals, extensions or amendments thereof from time to time.

"**Default**" has the meaning ascribed to such term in Section 20.

"**Environmental Laws**" means all Applicable Laws relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation, clean up or any other aspect, of a Hazardous Substance.

"**Environmental Proceeding**" means any investigation, action, proceeding, conviction, fine, judgment, notice, order, claim, directive, permit, licence, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

STANDARD CHARGE TERMS
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"**First Payment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement, or if not so identified or described, the day that is one month from the Interest Adjustment Date.

"**Guarantor**" means each guarantor or co-covenantor with the Chargor described on the Charge Form or in any other Loan Document.

"**Hazardous Substance**" means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation, contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated biphenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products and hazardous wastes.

"**Indebtedness**" means the outstanding Principal Amount, interest, costs and all other amounts payable by the Chargor to the Chargee under this Charge and the other Loan Documents.

"**Interest Adjustment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"**Interest Rate**" means the interest rate as described and defined in Section 3 hereof, as such interest rate may be amended from time to time by written agreement.

"**Loan**" means the particular loan or credit facility which this Charge is intended to secure.

"**Loan Documents**" means collectively, the Commitment, this Charge and all other agreements, documents and instruments relating to the Loan as amended, supplemented and restated from time to time.

"**Monthly Instalment**" means a payment payable each month on the Payment Date in an amount calculated in accordance with this Charge.

"**Payment Date**" means that day of each and every month from and including the First Payment Date to and including the Balance Due Date which is a monthly anniversary of the Interest Adjustment Date.

"**Person**" means a natural person, corporation, partnership, limited partnership, trust, unincorporated organization or any other legally recognized entity.

"**Prime Rate**" means the annual rate of interest published from time to time by First National Financial LP as a reference rate of interest then in effect for determining interest on Canadian dollar loans made in Canada.

"**Principal Amount**" means the principal amount of the Loan in lawful money of Canada set out on the Charge Form.

"**Property**" means the real property legally described on the Charge Form or in a Schedule to the Charge Form, if required, and includes all buildings, structures and improvements now or hereafter brought or erected thereon and all fixtures, rents and other appurtenances thereto. In the case of a strata lot or condominium, "Property" shall also include the Chargor's interest in the common elements and any other interests of the Chargor in the assets of the strata corporation or condominium corporation.

"**Receiver**" means a receiver, a manager, a receiver and manager or other similar Person appointed in regard to the Property and the rents and profits of and from such Property, which receiver may be an officer or officers or an employee or employees of the Chargee.

"**Registry Office**" means the appropriate registry of deeds, land titles or other land registration office from time to time established under Applicable Laws for the registration, filing or similar recording of this Charge.

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"**Schedule**" means any document or schedule (except these Standard Charge Terms) attached to and forming part of this Charge.

"**Tax Account**" has the meaning ascribed thereto in Section 7.

"**Taxes**" means all taxes, rates and assessments payable with respect to the Property whether provincial, municipal, school, local, parliamentary or otherwise, including, without limitation, municipal and school taxes, water rates and religious assessments, general or special.

"**Term**" means the term of the Loan as set out on the Charge Form, calculated from the Interest Adjustment Date, as the same may be amended by written agreement.

2. SECURITY

Continuing Security. In return for the making of the Loan to the Chargor:

(a) the Chargor hereby grants, mortgages and charges all of his right, title, estate and interest in and to the Property to the Chargee as continuing security for the payment of the Indebtedness and performance of all obligations of the Chargor contained in this Charge and the other Loan Documents; and

(b) if the Chargor is a tenant or lessee of the Property under a lease, the Chargor hereby grants, mortgages, charges, assigns and subleases all of his right, title and interest (including any present or future option or right of first refusal or right to renew or extend any term of the Chargor's lease) in and to the Property and to the lease, for the unexpired residue of the term of the lease, including any renewals or extensions of the term (excepting always, in all cases, the last day of such original or renewed or extended term).

Subsequent Interests. By this Charge, the Chargor grants and mortgages any additional or greater interest in the Property that the Chargor may later acquire.

No Discharge of other Loan Documents. By entering into this Charge, the Chargor and Chargee do not intend that any other Loan Document is to be extinguished, superceded or discharged.

No Prejudice to Other Security. The Chargee may take guarantees and other security from other Persons, or grant time, renewals, extensions, indulgences, releases and discharges to the Chargor and other Persons, relating to the Indebtedness or the obligations secured by this Charge, without prejudicing or diminishing any of the rights and remedies of the Chargee under this Charge or the other Loan Documents.

Discharge. Upon the total repayment of all Indebtedness under this Charge, the Chargee shall have a reasonable period of time of at least 6 weeks, or such shorter period as required under Applicable Laws, to cause the preparation and delivery of the discharge of this Charge.

3. INTEREST RATE AND MONTHLY INSTALMENTS

Interest Chargeable. Interest is chargeable on and forms part of the Indebtedness and is payable by the Chargor at the Interest Rate, calculated semi-annually and not in advance, in accordance with the terms of this Charge and the other Loan Documents.

Determination of Interest Rate. The Indebtedness shall bear interest at a rate which will vary during the Term, without notice to the Chargor, in tandem with variances in the Prime Rate and will always be the rate which is, in any month, a rate of interest per annum calculated semi-annually, not in advance, determined for such month as a rate equal to the Prime Rate at the close of business on the first day of such month, plus or minus such percentage, if any, as may be indicated on the Charge Form (the "**Interest Rate**"). The Interest Rate will be adjusted once per month on the first day of each and every month during the Term and will remain in effect for the entire month.

Monthly Instalments.

(a) Unless the Commitment provides that the Loan is CMHC insured with interest only payments for the first 5 or 10 years, the Monthly Instalment shall consist of blended principal and interest in an amount designed to effect payment in full of the Loan by the end of the amortization period thereof. When the Interest Rate changes, the amount of the Monthly Instalment shall be recalculated by the Chargee, so that the then outstanding Principal Amount shall be repaid over the remainder of the amortization period of the Loan. The remainder of the amortization period shall be equal to the original amortization period less the number of months that have elapsed since the Interest Adjustment Date.

(b) If the Commitment provides that the Loan is CMHC insured with interest only payments for the first 5 years, then the Monthly Instalment shall consist of interest only during the first 5 years following the original Interest Adjustment Date. Thereafter, the Monthly Instalment shall consist of blended principal and interest (at the Interest Rate in effect from time to time) in an amount containing a principal portion equivalent to the monthly principal payment which would be payable if the Loan were fully amortized over a 20 year amortization period commencing on the fifth anniversary of the original Interest Adjustment Date at the Interest Rate in effect for the immediately preceding month (calculated semi-annually rather than monthly) and with the amortization period declining by one month for each month which passes therein. When the Interest Rate changes, the amount of the Monthly Instalment shall be recalculated by the Chargee so that the Principal Amount shall be repaid over the remainder of the amortization period.

(c) If the Commitment provides that the Loan is CMHC insured with interest only payments for the first 10 years, then the Monthly Instalment shall consist of interest only during the first 10 years following the original Interest Adjustment Date. Thereafter, the Monthly Instalment shall consist of blended principal and interest (at the Interest Rate in effect from time to time) in an amount containing a principal portion equivalent to the monthly principal payment which would be payable if the Loan were fully amortized over a 15 year amortization period commencing on the tenth anniversary of the original Interest Adjustment Date at the Interest Rate in effect for the immediately preceding month (calculated semi-annually rather than monthly) and with the amortization period declining by one month for each month which passes therein. When the Interest Rate changes, the amount of the Monthly Instalment shall be recalculated by the Chargee so that the Principal Amount shall be repaid over the remainder of the amortization period.

(d) Nothing in the preceding paragraphs shall be deemed to alter the Term as set out in this Charge or in any renewal or extension agreement and any provision which relates to a period after the end of the Term shall only apply to the extent the Term is renewed or extended.

Notice of Change in the Interest Rate. Within a reasonable time after each change in the Interest Rate, the Chargee will mail to the Chargor, at the last known address in the Chargee's records, a notice of the changed Interest Rate and the amount of the new Monthly Instalment. The Interest Rate will still vary and the Monthly Instalment change even if the Chargee fails to send such notice or the Chargor fails to receive it.

Calculation of Interest.

(a) Interest shall be payable on the Indebtedness both before and after default, maturity, acceleration and judgment until the Indebtedness has been repaid in full.

(b) In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgment, shall bear interest at the Interest Rate. If the interest and compound interest are not paid within six (6) months from the time of default, a rest shall be made and compound interest at the Interest Rate shall be payable on the aggregate amount then due as well after as before maturity and so on from time to time, and all such interest and compound interest shall form part of the Indebtedness and be secured by this Charge.

Maximum Rate of Interest. If the Interest Rate exceeds the maximum rate permitted under Applicable Laws, then, notwithstanding the terms of any Loan Document, the Interest Rate shall be deemed to be such maximum rate.

4. REPAYMENT OF THE LOAN

Repayment of Indebtedness. The Chargor will pay to the Chargee all Indebtedness secured hereby in the manner provided in this Charge and the other Loan Documents, without any deduction, abatement, counterclaim or set-off (legal or equitable) of any kind whatsoever and shall do, observe, perform and fulfill all the provisions, covenants, agreements and stipulations contained in this Charge and the other Loan Documents.

Monthly Instalments. From and after the Interest Adjustment Date, the Chargor shall pay the Chargee the Principal Amount together with all interest thereon at the Interest Rate calculated semi-annually and not in advance and computed from the Interest Adjustment Date, in Monthly Instalments calculated in accordance with Section 3 above commencing on the First Payment Date and thereafter on each Payment Date to and including the Balance Due Date, at which time the balance of the Principal Amount, if any, and the interest thereon shall become due and be paid.

Interest Payable Prior to Interest Adjustment Date. The Chargor shall pay simple interest on advances, if any, computed from the respective dates of such advances up to the Interest Adjustment Date at the Interest Rate but calculated daily rather than semi-annually. Such payments of interest shall be made on the first day of each and every month commencing with the month next following the month in which the first advance is made and continuing to and including the Interest Adjustment Date.

Timing of Receipt of Payments. All payments received by the Chargee from the Chargor or any other Person after 3 p.m. (Eastern Standard Time) or on a Saturday, Sunday or statutory holiday will be deemed to be received on the next business day.

5. APPLICATION OF MONTHLY INSTALMENTS

Application of Monthly Instalments. Each Monthly Instalment will be applied first, to pay or reduce interest calculated as provided above on the Principal Amount from time to time outstanding and the balance shall then be applied to reduce the Principal Amount. However, if the Chargor is in default under this Charge or any other Loan Document, the Chargee shall be entitled to apply the Monthly Instalments or any other money received by the Chargee on account of the Indebtedness towards any part or parts of the Indebtedness at the Chargee's discretion.

Annual Mortgage Statement. Each year the Chargor will receive from the Chargee an annual mortgage statement that will show the total amount of the Monthly Instalments that have been applied as aforesaid in the previous year.

6. REPRESENTATIONS AND WARRANTIES

The Chargor represents and warrants to the Chargee:

(a) that the Property is free of all Taxes, same having been paid to date without subrogation in favour of any party;

(b) that all the structures and improvements are erected entirely on the Property and that there are no structures or improvements encroaching over the Property's boundaries from neighbouring lands;

(c) that unless the Charge indicates that he is the tenant or lessee of the Property, the Chargor is the absolute freehold owner of the Property with good title thereto and that there are no charges, mortgages, liens or other encumbrances, other than those hereby created, affecting the Property except for any liens and encumbrances that are registered against title to the Property in the applicable Registry Office at the time the Chargor signed this Charge; and

(d) that the Chargor has the right to grant this Charge to the Chargee.

7. TAXES

Tax Account. The Chargor shall pay all Taxes promptly when due. If required by the Chargee, the Chargor will pay to the Chargee monthly, an amount which, in the opinion of the Chargee, is sufficient to enable the Chargee to pay the annual Taxes on behalf of the Chargor by the date the first instalment of Taxes for each year becomes due, based on the estimated annual Taxes and subject to adjustment based on Taxes actually levied. Such funds, when received by the Chargee, are herein referred to as the "Tax Account". The Chargee may, at its option, withhold a sufficient amount from the advance of the Loan to accumulate sufficient funds in the Tax Account to enable the foregoing. If at any time the amount in the Tax Account is not sufficient to pay all Taxes when due the Chargor shall promptly make up the difference on demand. The Chargee shall be under no obligation to pay any Taxes or instalments thereof and will not be liable for any damages or penalties that might result from its failure to do so. It is the responsibility of the Chargor to assure himself of the payment of Taxes by either himself or the Chargee. The Chargee shall not be deemed a trustee for the Chargor in respect of the Tax Account. If the Chargor is in default of its obligations hereunder, the Chargee has the right to use the Tax Account to repay all or any portion of the Indebtedness.

Administration by Chargee. Where the Chargee administers a Tax Account on behalf of the Chargor:

(a) the Chargee shall allow the Chargor interest at not less than the prevailing rate published by the Royal Bank of Canada on personal savings deposits with chequing privileges on the minimum monthly balances standing in the Tax Account from time to time to the credit of the Chargor for payment of Taxes, such interest to be credited monthly to the Tax Account; and

(b) the Chargor shall be charged interest at the rate of 2% above the Prime Rate on debit balances, if any, outstanding in the Tax Account after payment of Taxes by the Chargee, until such debit balance is fully repaid.

8. INSURANCE

Property Insurance. To secure the repayment of the Indebtedness, the Chargor shall have all the buildings and other constructions now or hereafter erected upon the Property (hereinafter in this Section collectively referred to as the "buildings") insured at their full replacement cost against loss or damage caused by fire and such other perils as are covered by standard extended coverage, both during and after construction, until such time as the Chargee is fully repaid all Indebtedness. If the Chargee so requires, the Chargor shall be further insured during said period against the risks of vandalism, floods, boiler explosions and any other risks designated by the Chargee from time to time, as well as against civil liability. If the Property generates rentals or revenues, the Chargor shall also maintain rental insurance in an amount equal to at least 12 months rental income. Prior to any disbursements whatsoever, the Chargor shall deliver to the Chargee certificates evidencing such insurance and if required by the Chargee, certified copies of the policies, and at least fifteen (15) days prior to their expiry he shall deliver proof of new policies or renewal of the existing policies. If said expiry results from the cancellation of said policies, the time allowed will be only five (5) days. The Chargee may, if it so desires, retain all said policies in its possession. In any event, the insurer, and the terms of the insurance policies and their renewals, including the amount of any deductibles, shall be approved by the Chargee and the policies shall include the mortgage clauses approved by the Insurance Bureau of Canada confirming that loss proceeds are payable to the Chargee and that the Chargee has the right to receive and to have a lien on the loss proceeds in accordance with its priority established under this Charge. The Chargor hereby assigns to the Chargee all amounts payable under any of these policies. All such policies shall contain an undertaking by the insurer to notify the Chargee in writing of any material change in, cancellation of, failure to renew or termination of such policy at least fifteen (15) days prior thereto. The insurance policies shall not contain a co-insurance clause. Upon the failure of the Chargor to fulfil these insurance obligations, the Chargee may, without prejudice to its other recourses and without notice or demand, effect such insurance contracts as it deems appropriate at the cost of the Chargor to be paid forthwith by the Chargor, failing which it shall be added to the Indebtedness and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. In the event of loss or damage to the buildings, the Chargor shall promptly notify the Chargee and provide the Chargee with a copy of the detailed statement of damages as well as evidence that said statement

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has been sent to each of the insurers. The Chargor shall allow the Chargee to inspect the buildings. The Chargee may receive the insurance proceeds without the intervention or consent of the Chargor.

Insurance Proceeds. The Chargor shall remit to the Chargee forthwith any amount received by him from an insurer pursuant to an insurance contract described in this Section 8, up to the amount of the Indebtedness. The Chargee will have the right, at its sole discretion, to apply any proceeds of insurance wholly or in part to the following purposes:

(a) to pay wholly or in part Taxes or any other indebtedness secured by charges or other encumbrances which have priority over the Indebtedness or this Charge; and/or

(b) to reconstruct or repair the damaged buildings and pay for the work and materials relative thereto; and/or

(c) to pay wholly or in part the Indebtedness secured hereby, whether or not then due including any amount the Chargor would have been required to pay upon a prepayment of the Indebtedness on such date in accordance with the terms of this Charge.

Chargee to Consent to Repair. No construction or repair work may be undertaken without the prior written consent of the Chargee. It is clearly understood, however, that by consenting to the Chargor effecting any reconstruction or repair the Chargee is in no way obligated to pay the costs thereof nor prevented from using all or part of said proceeds to pay the Indebtedness or any part thereof or to pay any other party whose security interest ranks prior to its own. The Chargee may, at its option, undertake any such reconstruction or repair of the damaged buildings. Any proceeds applied to pay all or any part of the Indebtedness shall only be regarded as being so applied when the Chargee has decided to so apply them.

9. MAINTENANCE AND REPAIR

The Chargor shall maintain the Property in a good state of maintenance and repair as would a prudent owner, and in compliance with all Applicable Laws. The Chargor may not alter or demolish or allow any other party to alter or demolish the Property without the prior written consent of the Chargee. The Chargee or any Person designated by the Chargee shall be at liberty to inspect the interior or the exterior of the Property and/or to conduct a site assessment or investigation to determine if there has been a breach of any Applicable Laws, including, without limitation, any Applicable Laws concerning environmental protection. The Chargor shall pay the cost of any such inspection or site assessment to the Chargee promptly upon demand, failing which it shall be added to the Principal Amount and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. The exercise of any of the powers enumerated in this clause shall not result in the Chargee or any designee conducting such inspection, assessment or investigation being deemed to be in possession, management or control of the Property.

10. COMPLIANCE WITH APPLICABLE LAWS

The Chargor shall comply with all Applicable Laws that apply to the Property or the use or occupation thereof, including, without limitation, those relating to zoning, land use, health, safety and environmental protection. The Chargor shall not, and shall not permit any lessee of the Property, to engage in any criminal activity on the Property including, without limitation, the cultivation or processing of marijuana or any other controlled substance.

11. USE OF PROPERTY

The Chargor shall not change or permit any change in the use of the Property nor will the Chargor request or support any rezoning of the Property (or any portion thereof) without the prior written consent of the Chargee.

12. FIXTURES

The Chargor covenants and agrees with the Chargee that all erections and improvements fixed or otherwise now on or in future put upon the Property which are the property of the Chargor, including, without limitation, all fences, heating, plumbing, air conditioning, ventilating, lighting

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and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, dishwashers, washing machines, dryers, and all apparatus and equipment appurtenant to any of the forgoing are and shall be, in addition to other fixtures thereon, fixtures and form part of the Property and shall be a portion of the security for the Indebtedness. The Chargor hereby charges and grants to the Chargee a security interest in all of the Chargor's right, title and interest in and to all such items as additional security for repayment of the Indebtedness.

13. OTHER ENCUMBRANCES

The Chargor shall maintain the Property free and clear of and from any claim, charge, mortgage, lien or other encumbrance ranking prior to the charge created herein and shall cause the removal of any such prior claim or charge within ten (10) days of its creation, unless the Chargor, in good faith, contests its validity or the amount of the claim from which it results, after having given prior notice to the Chargee of his intention to such effect, and has deposited with the Chargee an amount in lawful money of Canada which shall be sufficient to guarantee all losses which the Chargee may suffer by reason of such claim, charge, mortgage, lien or encumbrance. The Chargor shall not grant any rights in the Property without the prior consent in writing of the Chargee and shall maintain all Property free and clear of any claims, charges, encumbrances or rights other than those that are created under this Charge.

14. CHARGEE'S RIGHT TO PERFORM

The Chargee may perform any obligation of the Chargor hereunder or under any other Loan Document which the Chargor fails to perform including without limitation, payment of all premiums of insurance and all Taxes, utility and heating charges and rents which shall from time to time fall due and be unpaid in respect of the Property, and may satisfy any lien, encumbrance, claim or other charge now or hereafter existing upon the Property. All amounts expended by the Chargee in so doing shall be added to the Indebtedness, shall be secured by this Charge and shall be payable forthwith by the Chargor to the Chargee and shall bear interest from the date so paid by the Chargee at the Interest Rate until repaid.

15. ASSUMPTION OF CHARGE

Requirements for Assumption. Unless this is a CMHC insured interest only loan, the Chargee shall allow a purchaser of the Property to assume the Charge from the current Chargor provided the purchaser completes a new mortgage loan application, is approved by the Chargee in accordance with its then current underwriting practices and executes an assumption agreement in form and substance satisfactory to the Chargee.

Indebtedness May Become Due. Provided that in the event of:

(a) the Chargor selling, conveying, transferring or entering into any agreement to sell or transfer the title of the Property to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) such purchaser, grantee or transferee failing to:

  (i) apply for and receive the Chargee's written approval as aforesaid,

  (ii) personally assume all the obligations of the Chargor under this Charge, and

  (iii) execute an assumption agreement in the form required by the Chargee; or

(c) in the case of a corporate Chargor, the occurrence of a change of control (within the meaning given to such term in the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended from time to time) (a "**Change of Control**") of the Chargor not approved in writing by the Chargee,

then, at the option of the Chargee, the Indebtedness, together with the amount required to be paid on a prepayment of the Charge on such date pursuant to the terms of this Charge, shall forthwith become due and payable.

CMHC Insured Interest Only Loans Not Assumable. Notwithstanding Section 15 hereof, it is acknowledged by the Chargor that if this is a CMHC insured interest only loan, this Charge is not intended to be assumable. Notwithstanding any other provision in this Charge or the other Loan Documents to the contrary, if the Loan is a CMHC insured interest only loan, in the event of the Chargor selling, conveying, transferring or entering into any agreement to sell or transfer title to the Property or any part thereof or, in the case of a corporate Chargor, if there is a Change of Control of the Chargor, then, at the option of the Chargee, the Indebtedness, together with the amount required to be paid on a prepayment of the Indebtedness on such date in accordance with the terms of this Charge, shall forthwith become due and payable.

16. NO RELEASE

Notwithstanding that the Chargee may have approved any purchaser, grantee or transferee and that such Person may have executed an assumption agreement, or that the Chargor transfers or otherwise conveys or purports to transfer or otherwise convey the Property or any interest therein, the Chargor shall not thereby be released from his obligations under this Charge and the Loan Documents unless the Chargee has so released the Chargor in writing or the Chargor is otherwise released pursuant to Applicable Laws.

17. PORTABILITY OF CHARGE

All amounts outstanding under this Charge may be secured by a charge on replacement property of at least equal value (the "**Replacement Property**") on the same terms and conditions as contained in this Charge, provided the following conditions are met:

(a) the Chargor is not in default under this Charge;

(b) the Replacement Property is a single family dwelling which the Chargor will occupy;

(c) the Chargor completes a new mortgage loan application for the Replacement Property for an amount not less than the then outstanding Principal Amount of this Charge;

(d) the new loan application is approved by the Chargee in its sole discretion;

(e) the new charge is registered as a first charge against the title to the Replacement Property and all searches, opinions and clearances required by the Chargee are obtained and, if so required by the Chargee, title insurance is in place;

(f) the term of the new charge shall expire on the maturity date of this Charge;

(g) the new charge shall incorporate all terms and conditions then contained in the Chargee's standard charge and other documentation in use at that time; and

(h) the Chargor will pay all costs, charges and expenses of and incidental to the approval, taking, preparation, execution and registration of the new charge and discharge of this Charge, or, if applicable, an amending agreement, including, without limitation, any application and appraisal fees, solicitor's fees, surveyor's fees and, if applicable, mortgage insurance and title insurance premiums.

18. LEASES AND RENTALS

Where the Property generates rentals or revenues the following provisions shall apply.

(a) As general and continuing security for repayment of the Indebtedness, the Chargor hereby assigns, transfers and sets over to the Chargee, as and by way of a fixed and specific assignment and security interest, all legal and beneficial right, title and interest of the Chargor in and to (i) all present and future leases, offers to lease, subleases, licences and other agreements affecting the use, enjoyment and/or occupancy of the Property or any part thereof and all related guarantees, indemnities and security deposits, and (ii) any and all rents, revenues and receipts of any kind from the Property now or hereafter due and payable, with full benefit and advantage thereof, including the benefit of all covenants and agreements contained in the leases and full power and authority to demand, collect, sue for, recover, receive and give receipts for the rents in the name of the Chargor or owner from time to time of the Property or in the name of the Chargee, in the Chargee's sole discretion.

(b) Upon request by the Chargee, the Chargor shall provide to the Chargee, (i) a list containing the name of all tenants, and details as to their leases; (ii) a copy (or the original, when requested by the Chargee) of all leases, present and future, relating to the Property and any document and any useful information in connection therewith; and (iii) a written acknowledgment by the tenants, present and future, of the charge on rentals hereby created in the form required by the Chargee.

(c) The Chargee may require that all leases be subject to its approval, that they be subordinated to its rights herein and that the Chargor provide it on a yearly basis with a statement of revenues and expenditures concerning the Property. All leases shall be on market terms and conditions.

(d) The Chargee hereby authorizes the Chargor to collect all rents; however, the Chargor shall not collect more than one month's rent in advance nor shall he grant more than one month's free rent. Such authorization may be revoked at any time by the Chargee and in such case, the Chargee shall be at liberty to exercise as it may deem appropriate, to the exclusion of the Chargor, all rights of the Chargor in order to maintain, renew, grant, modify or terminate any lease, and to collect rentals and revenues from the Property including, without limitation, the bringing of an action for recovery of rentals; provided however, that the Chargee shall be under no obligation to exercise such right and shall not be liable for any loss or damage which may result from its failure to collect such rentals.

(e) With respect to leases of the Property, the Chargor hereby represents and warrants that the rents payable under same are legal, that no proceedings exist which could result in a decrease in the legal rents chargeable, that no orders exist prohibiting rent increases and that no work orders exist which could result in the issuance of an order prohibiting rent increases.

(f) The Chargor hereby agrees to indemnify and save the Chargee harmless from any and all demands, claims, damages, actions, proceedings, lawsuits, costs, expenses or payments which the Chargee may sustain or incur by reason of the Chargor's failure to charge legal rents or by reason of successful reduction claims by any tenant under any lease in the building on the Property or by any former tenant of the building. The Chargor agrees that all rents charged with respect to the Property or any part thereof will be lawful rents pursuant to any applicable legislation from time to time respecting residential housing and further agrees that he will file all items required to be filed by such legislation in a timely, accurate and complete way. All amounts so indemnified will be payable forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date of the expenditure until paid in full and shall be secured by this Charge. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

19. ENVIRONMENTAL MATTERS

Chargor to Indemnify. The Chargor shall indemnify and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs and expenses (including legal fees) (collectively "**Environmental Claims**") occurring, imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not caused by the Chargor or within its control: (a) any actual or alleged breach of Environmental Laws relating to or affecting the Property; (b) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom; (c) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, and (d) any assessment, investigation, containment, monitoring, remediation and/or removal of any Hazardous Substances from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

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Amounts Relating to Environmental Claims. All amounts expended by the Chargee in connection with any such Environmental Claims shall be payable by the Chargor forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date expended until paid in full and shall be secured by this Charge.

20. EVENTS OF DEFAULT

The Chargor shall be in default (a "**Default**") under this Charge in each of the following events:

(a) the Chargor fails to pay any monies payable under this Charge or under any other Loan Document when due;

(b) the Chargor fails to perform any of its covenants or obligations under this Charge or under any other Loan Document;

(c) the Chargor fails to comply with any other term or condition of this Charge or any other Loan Document;

(d) any of the representations, statements, certifications or declarations of the Chargor, whether contained in this Charge or any other Loan Document, is found to be untrue or misleading;

(e) if any other mortgage or any lien, charge or other encumbrance is registered against title to the Property or if the Chargee receives written notice of any lien that is created as a result of unpaid property taxes, unpaid strata or condominium fees, judgments, construction liens, builders' liens or similar encumbrances;

(f) the Chargor becomes insolvent or becomes subject to any insolvency, bankruptcy, reorganization, arrangement, compromise of debts or similar proceedings affecting the rights of any creditor, or a petition in bankruptcy is taken against the Chargor, or a receiver or an administrator takes possession of his property, or a resolution is adopted with respect to the liquidation of his property;

(g) in the case of a corporate Chargor, it fails to remain in good standing with government authorities having jurisdiction over it or if the corporation loses any of its rights or attributes as a corporation;

(h) in the case of a corporate Chargor, there is a Change of Control of the Chargor without the prior written consent of the Chargee;

(i) any activity which violates the *Criminal Code*, R.S.C. 1985, c. C-46 (as amended from time to time) or any other law or regulation of any authority having jurisdiction is conducted on the Property;

(j) if the Loan is insured, whether under the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time) or by any other insurer, any requirement of such insurance has not been complied with by the Chargor;

(k) if the Property is under construction, the construction works are halted for a continuous period exceeding ten (10) days, for reasons other than a fortuitous event or force majeure or construction holidays;

(l) if a default occurs under any other mortgage or any lien, charge or encumbrance affecting the Property or any part of it including without limitation, any of the foregoing which has priority over this Charge and whether or not the Chargee has agreed to such priority;

(m) the Property is subject to foreclosure proceedings, judicial sale, or otherwise seized by another mortgagee, encumbrancer, writ holder, receiver or any agent of the any of the foregoing or any other Person performing similar functions; or

(n) an event occurs which is stated to be a Default under Section 25 of this Charge.

21. CHARGEE'S REMEDIES UPON DEFAULT

Chargee's Rights on Default. If a Default occurs, the Chargee shall have no obligation to make any further advances and may, at its option, do any one or more of the following:

(a) demand immediate repayment of the Indebtedness, in which case all Indebtedness will become immediately due and payable and, to the extent permissible under Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to prepay the Indebtedness at such time;

(b) subject to Applicable Laws, take such action as is necessary or desirable to collect the Indebtedness or any portion thereof;

(c) enter upon and take possession of the Property and any personal property thereon;

(d) make any arrangements the Chargee considers necessary or advantageous to inspect, lease, collect rents or manage the Property, complete construction of any building on the Property or repair any building on the Property;

(e) take proceedings in court or otherwise as may be permitted by Applicable Laws to sell the Property or any part thereof or, if the Property is a leasehold interest, to sell the unexpired term of years demised by the lease with respect to the whole or any part of the leasehold interest in the Property, by public auction or private sale and on such terms as the Chargee considers most advantageous, including selling the Property or unexpired term of the lease for cash or credit or any combination of the two:

  (i) on thirty-five days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

  (ii) without notice to the Chargor if the Default has continued for sixty days or more (if and to the extent permitted by Applicable Laws).

(f) lease the Property on such terms as the Chargee considers most advantageous:

  (i) on fifteen days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

  (ii) without notice to the Chargor if the Default has continued for thirty days or more (if and to the extent permitted by Applicable Laws).

(g) apply to a Court for an order that the Property be sold on terms approved by the Court;

(h) apply to a Court to foreclose the Chargor's interest in the Property so that when the Court makes its final order of foreclosure, the Chargor's interest in the Property will be absolutely vested in and belong to the Chargee;

(i) apply to the Court to have a Receiver appointed with respect to the Property or appoint a Receiver of the Property under this Charge;

(j) with respect to personal property charged by this Charge, exercise any or all of the rights and remedies granted to secured parties under applicable personal property security legislation and any other applicable statute, or otherwise available to the Chargee at law or in equity; and

(k) take any other action and exercise any other remedies which are described elsewhere in this Charge or the other Loan Documents or which are available to the Chargee under Applicable Laws upon a default by the Chargor.

Additional Payments. Where a prepayment or redemption takes place following a Default hereunder by the Chargor, there shall, coincident therewith, be due and owing to the Chargee, to the extent permissible under Applicable Laws, any amount which would have been payable by the Chargor had he elected to prepay the Indebtedness pursuant to the prepayment provisions set out in this Charge at the time of such prepayment or redemption.

Payment of Chargee's Costs When Default is Remedied. If the Chargor avails himself of the right to remedy any Default, he shall pay all costs then incurred by the Chargee, and such costs shall include, without limitation, all administrative costs incurred by the Chargee by reason of the Default and all legal fees (determined on a solicitor and client full indemnity basis) and fees paid to experts.

Chargee's Rights to Administer and Manage Property. If the Chargee elects to take possession of the Property, it shall be at liberty to administer and manage it and hire a manager or caretaker, use all means at its disposal in order to enter into the Property with or without a locksmith, contract or renew leases or terminate them, in the name of the Chargor, for the amounts and upon terms and conditions, including, without limitation, the payment of tenant inducements, which the Chargee shall consider appropriate, maintain the Property in good condition, carry out repairs and renovations and undertake or complete any work, all at the Chargor's expense. The Chargor agrees that he will not interfere with the Chargee's or any Receiver's possession of the Property.

Accounting for Monies Received. The Chargee shall only be required to account to the Chargor for any monies actually received by the Chargee in connection with the Property.

Payment of Chargee's Costs and Expenses. To the maximum extent permitted by Applicable Laws, all sums disbursed by the Chargee in enforcing any of its remedies or in connection with the protection, enforcement or realization of its security, including, without limitation, legal fees, realtor's fees, fees incurred in relation to any inspection or valuation of the Property, protective disbursements, fees and expenses incurred in connection with taking such steps as are deemed necessary by the Chargee to protect its interests in proceedings commenced by other Persons in relation to the Property and any sums expended in connection with actions taken under Section 21 hereof, shall be repayable by the Chargor on demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date funds were expended by the Chargee and shall be secured by this Charge.

22. JUDGMENTS AND DEFICIENCY

Chargee's Rights After Judgment. If a judgment is obtained from a Court concerning some or all of the Indebtedness or obligations, the remaining Indebtedness or obligations will not be extinguished, superceded or discharged nor will the Chargee be prevented from exercising any of its remaining rights under this Charge, any other Loan Document or under Applicable Laws.

Deficiency After Sale. To the maximum extent permitted by Applicable Laws, the Chargor shall remain responsible for payment to the Chargee of all of the Indebtedness, notwithstanding that the Chargee may have exercised one or more of its remedies under this Charge including, without limitation, sale of the Property.

23. APPOINTMENT OF RECEIVER

Appointment of Receiver. Upon Default, the Chargee or the Chargee as agent or attorney for the Chargor (with such appointment not being revocable by the Chargor), with or without entering into possession of the Property or any part thereof, may appoint in writing a Receiver and may remove any such Receiver and appoint a new Receiver in the place and stead of any previously appointed Receiver.

Powers of Receiver. Subject to Applicable Laws, the Receiver:

(a) will be deemed to be the Chargor's irrevocable agent or attorney, vested with all rights, powers and discretions of the Chargor, and the Chargor will be solely responsible for the Receiver's acts or omissions and for the Receiver's remuneration and expenses;

(b) has power, in the Chargor's name or in the name of the Chargee, to take possession of the Property, to demand, recover and receive income from the Property and to start and carry on any action or court proceeding to collect that income;

(c) may lease or sublease the Property or any part of it on terms and conditions that the Receiver chooses, including without limitation, the payment of tenant inducements, and for that purpose execute contracts in the name of the Chargor, which contracts will be binding on the Chargor;

(d) may make arrangements for the completion of the construction of or repair any improvement on the Property, notwithstanding that the resulting cost may exceed the Principal Amount;

(e) may manage the Property and maintain it in good condition;

(f) has the power to perform, in whole or in part, the Chargor's duties under the terms of the Loan Documents;

(g) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Property or will increase or preserve the value or income potential of the Property; and

(h) has the power to exercise any of the Chargee's rights and remedies referred to in Section 21 hereof.

Use of Income by Receiver. Neither the Receiver nor the Chargee shall be liable to the Chargor to account for monies other than monies actually received by it, in respect of the Property. From income received from the Property, the Receiver may, subject to Applicable Laws, in any order the Receiver chooses, (i) retain enough money to pay or recover the cost to collect the income and to cover other disbursements; (ii) retain its commission, fees and disbursements as receiver; (iii) pay all Taxes and the cost of maintaining the Property in good repair, completing the construction of any building or improvement on the Property, supplying goods, utilities and services to the Property, insuring the Property and taking steps to preserve the Property from damage by weather, vandalism or any other cause; (iv) pay any money for matters required to be paid by the Receiver under Applicable Laws, or that might, if not paid, result in a default under any charge or encumbrance having priority over this Charge or that might result in the sale of the Property if not paid; (v) pay taxes in connection with anything the Receiver is entitled to do under this Charge; (vi) pay all or part of the Indebtedness to the Chargee whether or not it is due and payable; and (vii) pay any other money owed by the Chargor under this Charge and the other Loan Documents.

Receiver May Borrow. The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do. Any money borrowed by the Receiver from the Chargee and any interest charged on that money and all the costs of borrowing will form part of the Indebtedness and will bear interest at the interest rate and shall be paid with the frequency provided under the applicable terms under which such money was borrowed.

Receiver's Costs and Expenses. The fees and disbursements of the Receiver, if paid by the Chargee, shall form part of the Indebtedness and will bear interest at the Interest Rate from the date paid by the Chargee and shall be secured by this Charge.

Chargee Not Responsible. Nothing done by the Receiver under this Section 23 shall render the Chargee a mortgagee in possession, and the Chargor hereby releases and discharges the Chargee and every Receiver and each of their respective successors and assigns from every claim of every nature, whether for damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any Person claiming through or under the Chargor by reason or as a result of anything done by the Chargee or any Receiver under the provisions of this Charge. The Chargor hereby agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this Charge and agrees that neither the Receiver, the Chargee nor their respective successors and assigns will be liable for any loss sustained by the Chargor or any other Person from such actions or failure to act.

24. LEASEHOLD PROVISIONS

This Section 24 applies if the Chargor is a tenant or lessee of the Property.

Definition. For the purposes of this Section 24, "Lease" means a lease or a sublease pursuant to which the Chargor has a leasehold interest in the Property.

Representations. The Chargor represents that:

(a) the Property is leased to him under a valid Lease (a copy of which has been provided to the Chargee);

(b) that the Chargor has a good leasehold title to the Property free and clear of all mortgages, liens, charges and encumbrances other than liens registered against the leasehold title to the Property in the applicable Registry Office at the time the Chargor signed this Charge;

(c) all rents and other moneys payable under the Lease have been paid and the Chargor has complied with all of his obligations set out in the Lease, in both cases up to the date the Chargor signed this Charge; and

(d) the Chargor has the right to charge and sublet the leasehold title to the Property to the Chargee as set out in this Charge and, if required, has obtained the lessor's unconditional consent to this Charge (or if such consent has been issued under conditions, the Chargee has agreed to same, in writing) and any such consent is in writing and has been provided to the Chargee.

Covenants. The Chargor also covenants and agrees as follows:

(a) that the Lease will at all times while this Charge is not discharged, be a valid lease in full force and effect;

(b) the Chargor will not amend, surrender or modify the Lease without written consent of the Chargee and will pay the rents and other payments required by the Lease as they fall due and perform and observe the covenants and other obligations contained in the Lease on the lessee's part to be performed;

(c) the Chargor will renew the Lease when the Lease gives the Chargor that right so that the term of the Lease will continue at all times while this Charge is not discharged;

(d) the Chargor will promptly give the Chargee a copy of any notice, demand or request which the Chargor may receive relating to the Lease;

(e) the Chargor will, at his cost, upon request by the Chargee, obtain and deliver to the Chargee estoppel certificates from the lessor under the Lease in form and content satisfactory to the Chargee;

(f) the Chargor will sign any other document or take any further action as the Chargee may reasonably require, to ensure that all of the Chargor's interest in the Property and in the Lease have been fully charged to the Chargee and that the Indebtedness is adequately secured;

(g) the Chargor shall indemnify the Chargee and its successors and assigns against all actions, claims, costs (including legal costs, and on a solicitor and client full indemnity basis), demands and liabilities which the Chargee and its successors and assigns may suffer or sustain by virtue of any default by the Chargor under the Lease, and the Chargor agrees that this indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(h) the Chargor will stand possessed of the Property for the last day of the term or any renewal term granted by the Lease in trust for the Chargee;

(i) at the Chargee's request, the Chargor will transfer to the Chargee (or to any other Person to whom the Chargee transfers the Chargor's interest in the Property) the last day of the term of the Lease or of any renewal;

(j) the Chargor hereby appoints the Chargee as his attorney so that the Chargee, on his behalf and in the name of the Chargor, may assign the Lease and the last day of the term of the Lease or of any renewal and convey the Chargor's interest in the Property as the Chargee may require to perfect any transfer made under the default provisions of this Charge; and

(k) if the Chargor acquires the lessor's interest in the Property (whether by exercising any option to purchase there may be in the Lease or any renewal thereof or otherwise), this Charge will automatically extend to such interest and the Chargor agrees that at the Chargee's request the Chargor will deliver to the Chargee a new charge against such additionally acquired interest substantially on the same terms and conditions as those set forth in this Charge.

25. STRATA/CONDOMINIUM PROVISIONS

This Section 25 applies if the Property is or becomes a strata or condominium property created under Applicable Laws.

Compliance with Strata/Condominium Rules. The Chargor shall comply with all of the terms and conditions of the declaration pertaining to the Property as same may be amended from time to time (the "**Declaration**") together with all rules, regulations and by-laws relating thereto as well as all orders and resolutions passed at meetings of the strata/condominium corporation (together with the Declaration, collectively, the "**Constituting Documents**").

Expenses and Taxes. The Chargor shall pay promptly when due his share of all common expenses, levies and administrative charges in the amounts determined by the board of directors of the strata corporation or condominium corporation (hereinafter the "**strata/condominium corporation**"); if any such payments are not made when due and regardless of any other action or proceeding taken or to be taken by the strata/condominium corporation, the Chargee may make such payments on behalf of the Chargor pursuant to Section 14 hereof.

Voting Rights. The Chargor authorizes the Chargee in the Chargor's name and on the Chargor's behalf, to exercise all rights under Applicable Laws and the Constituting Documents to vote at any meeting (or to vote otherwise than at any meeting) of the strata/condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the Property or assets of the strata/condominium corporation. This authorization includes voting on or any consent to the termination of the strata/condominium corporation. Notwithstanding this authorization, the Chargee may choose not to vote or not to consent at any particular time or on any particular issue. Until the Chargee gives notice to the Chargor and/or the strata/condominium corporation that the Chargee intends to exercise its right to vote or consent, the Chargor may vote or consent. Any notice the Chargee gives may be for an indeterminate or limited period of time, or for a specific meeting or matter. The Chargee shall not be under any obligation to exercise such rights, even though notice may have been given of its intention to do so and shall not be liable to the Chargor or any other Person for the manner in which such rights are exercised or for the failure to exercise same.

Insurance.

(a) At the request of the Chargee, the Chargor shall obtain and deliver to the Chargee a certificate of insurance issued under the master insurance policy placed by the strata/condominium corporation in accordance with the terms of the Declaration and showing the Chargee as mortgagee.

(b) In addition to the insurance maintained by the strata/condominium corporation, the Chargor will insure all improvements which have been or at any future time are made to the dwelling unit charged herein and, as well, insure against such additional risks as may be required by the Chargee, will provide the Chargee with certified copies of every such insurance policy naming the Chargee as loss payee and, not less than 15 days before any policy expires, evidence of its renewal. If any loss or damage occurs the Chargor will immediately, at its expense, do everything necessary to enable the Chargee to obtain the insurance proceeds. These proceeds may, at the option of the Chargee, be applied in whole or in part to repair the damage, be paid to the Chargor, or be applied to reduce any part of the Indebtedness whether or not yet due, in which latter case, to the extent permissible by Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment at such time. The obligation to insure the entire structure of which the Property forms part may be performed by the strata/condominium corporation and the proceeds of such insurance may be payable in the accordance with the Constituting Documents related thereto. Upon the occurrence of loss or damage, the Chargor will fully comply with the terms of all insurance policies and with the insurance provisions of such Constituting Documents.

Notices and Other Documents. At the request of the Chargee, the Chargor will give the Chargee copies of all notices, financial statements and other documents given by the strata/condominium corporation to the Chargor.

Chargee May Require Payment. At the option of the Chargee, and subject to compliance with Applicable Laws, there is a Default if:

(a) governance of the property of the strata/condominium corporation under the Constituting Documents is terminated or wound up;

(b) a vote of the strata/condominium owners authorizes the sale of the property of the strata/condominium corporation or of a material part of its common property (or common elements);

(c) the strata/condominium corporation fails to comply with Applicable Laws or the Constituting Documents;

(d) the strata/condominium corporation fails to insure the strata/condominium units and common property (or common elements) against destruction or damage by fire and other perils usually insured against for full replacement cost; or

(e) the strata/condominium corporation fails, in opinion of the Chargee, to manage its property and assets in a careful way or to maintain its assets in good repair.

Chargee Not Responsible. Nothing done by the Chargee or its agents under this Section 25 will make the Chargee a mortgagee in possession.

26. EXPROPRIATION

Prepayment of Indebtedness. In the event of a prepayment of all or any portion of the Indebtedness as a result of an expropriation of all or part of the Property, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment of the amount prepaid at such time.

Expropriation of the Property. In the event of the expropriation of all or substantially all of the Property the Indebtedness will, at the option of the Chargee, become immediately due and payable together with any applicable prepayment charge. All amounts received by the Chargor in connection with such expropriation shall, to the extent of the Indebtedness and such prepayment charge, be paid to the Chargee and until so paid shall be deemed to be held by the Chargor in trust for the Chargee.

Partial Expropriation. In the event of the expropriation of only a portion of the Property, all amounts received by the Chargor in connection with such expropriation shall, at the option of the Chargee, be paid to the Chargee to be credited towards the Indebtedness and any applicable prepayment charge in respect of such amount. Until such amounts have been paid to the Chargee they shall be deemed to be held by the Chargor in trust for the Chargee. If the Chargee, in its sole discretion, is of the view that the remainder of the Property is inadequate security for the remainder of the Indebtedness, then the Chargee may declare all the Indebtedness together with any applicable prepayment charge immediately due and payable.

27. ADVANCES AND READVANCES UNDER CHARGE

Neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the Principal Amount intended to be secured hereby, nor shall the advance of a part of the Principal Amount bind the Chargee to advance any unadvanced portion thereof, but nevertheless the charges hereby created shall take effect forthwith upon the execution of this Charge by the Chargor. This Charge and the charges granted herein shall operate until all the Indebtedness is fully paid to the Chargee and all covenants of the Chargor herein have been performed in full, in each case in the manner contemplated herein and until the Chargee has delivered a complete discharge hereof in writing to the Chargor. This Charge shall not cease to operate although the Chargor may not be indebted to the Chargee at any time and the Chargee may accept repayment of all or a portion of the Indebtedness and may allow the Chargor to reborrow the amounts previously paid to the Chargee, and this Charge and the charges,

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mortgages, assignments, security interests and liens granted herein shall stand as security for all such amounts borrowed and reborrowed, whether or not the Indebtedness has at any time been reduced to zero.

28. RENEWAL AND AMENDMENT OF CHARGE

Registration of Agreements Not Required. Any agreement in writing between the Chargor and the Chargee after the date of this Charge, relating to the payment of the unpaid Indebtedness, or to the Interest Rate, or to both, or any other matter, need not be registered in any Registry Office. Such agreement shall be effective and binding on the Property and upon the Chargor, the Chargee and upon any subsequent encumbrancer or transferee of the Property to the same extent and effect as if such agreement in writing had been executed, delivered and registered in the appropriate Registry Office prior to the making of such subsequent encumbrance or transfer.

No Implied Agreement. No agreement for renewal hereof or for extension of time for payment of the Indebtedness hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the Term or of any subsequent term.

29. PRINCIPAL FAMILY RESIDENCE

Consent of Spouse. Any spouse who is signing the Charge Form consents to the granting of this Charge by the Chargor and releases to the Chargee any claim or interest that the spouse has or may have in the Property under Applicable Laws as far as such release is necessary to give effect to the Chargee's rights under this Charge.

Change in Marital Status. If the Chargor is not married at the time of execution of this Charge, but marries thereafter with the result that the Property becomes a principal family residence or if the Property becomes a principal family residence under Applicable Laws or by reason of the registration of a declaration of family residence or of a judicial award, the Chargor agrees that he will forthwith notify the Chargee of same and cause his spouse to subordinate to the rights of the Chargee all of such spouse's rights in the Property as the principal family residence, by signing a written agreement in the form required by the Chargee.

30. FEES PAYABLE BY CHARGOR

Chargee's Fees and Expenses. The Chargor shall promptly pay all lawyers' and experts' fees related to this Charge and every renewal or amendment thereof, including, without limitation, fees related to any examination of title to the Property, as well as any costs of evaluation, any survey fees and any costs pertaining to mortgage insurance and/or title insurance, if applicable. The Chargor shall also pay any costs and expenses incurred by the Chargee in responding to any court actions, directives, orders, notices or requests for information brought against the Chargee as a result of or relating to this Charge.

Chargee's Administrative Fees. The Chargor shall also pay an administration fee to the Chargee for every dishonoured cheque or preauthorized cheque debit. The fee will automatically be debited to the Chargor's Tax Account balance, or sundry account, or added to the pre-authorized cheque debit upon reissue unless a separate payment of such administration fee is received with a replacement cheque. The Chargee also reserves the right to charge reasonable fees in accordance with industry standards for other administrative services such as, but not limited to, discharges, assumptions, transfers, payment frequency changes, mortgage statements, etc. and the Chargor agrees to pay such fees. These fees may vary from time to time and will be published in the Chargee's schedule of fees, which may be obtained by the Chargor upon request.

31. INSURED INDEBTEDNESS

In the event that all or any portion of the Indebtedness is insured by a mortgage insurer in favour of the Chargee, the contractual relations between the Chargee and the mortgage insurer will be taken into account before effecting any disbursement of funds, or before acceptance of any purchaser or transferee of the Property can become valid, even if already accepted by the Chargee. If this Charge is insured by CMHC it shall be deemed to be made pursuant to the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time).

32. GENERAL CONDITIONS

Assignment. The Chargor may not assign or transfer the rights that he has or may have to any advance of the Loan without the prior written permission of the Chargee.

No Partial Discharge. The Chargor shall not be entitled to obtain a partial discharge of the Property in the event the Property is subdivided and sold notwithstanding that the Chargee has been paid the sale proceeds thereof.

Pre-Authorized Payments. The Chargor explicitly authorizes the Chargee to withdraw from any bank account in his name, details of which have been provided to the Chargee in accordance with a pre-authorized chequing plan, the sums necessary to satisfy the payments the Chargor must make by virtue of this Charge as well as the life insurance premiums related to same, if applicable.

Investment of Funds. The Chargee shall be at liberty to deposit any monies or instruments received or held by it pursuant to this Charge in a non interest bearing account or invest them, without having to comply with any legal provisions concerning the investment of the property of others, in any certificate of deposit issued by an institution chosen by the Chargee, for any term which it may choose.

Limited Responsibility of Chargee. The Chargee is only liable to the Chargor or any Guarantor for the Chargee's or its employees' wilful misconduct or gross negligence.

Right to Delegate. The Chargee shall be at liberty to delegate to any Person or Persons the exercise of its rights, actions or the performance of any covenant resulting from this agreement or law; in such case the Chargee is hereby authorized to supply such Person with any information it holds relating to the Chargor or the Property.

Power of Attorney. In consideration of the mutual promises made by the Chargee and the Chargor in this Charge, the Chargor hereby grants to the Chargee, with full power of substitution, an irrevocable power of attorney of the Chargor coupled with an interest to carry out any and all acts and to execute any and all deeds, instruments or other documents which it may deem useful in order to exercise its rights. The Chargor ratifies in advance all actions of the Chargee pursuant to such power of attorney and confirms that the Chargee is not liable for any loss sustained by the Chargor or any other Person resulting from any such action or failure to act.

Rights and Remedies. The acceptance by the Chargee, as a result of default on the part of the Chargor, of all or part of the sums to which it is entitled, or the exercise by the Chargee of any right or recourse, shall not be held to preclude it from exercising any other right or recourse; all rights and recourses accruing to the Chargee are cumulative and not alternative.

Assignment by Chargee. The Chargor and each Guarantor, if any, acknowledges that this Charge (or security certificates backed by or representing any interest in this Charge or a pool of loans which includes this Charge) may be assigned by the Chargee to a third party or may be sold or securitized into the secondary market without restriction and without notice to or consent of the Chargor or any Guarantor. The Chargor and each Guarantor hereby irrevocably consents to the release and disclosure of any financial or other information concerning the Chargor, each Guarantor, the Property and the Loan in the course of any such assignment, sale or securitization.

Notices to Chargor. Any notice to or demand upon the Chargor shall be given or made at his ordinary place of business or usual residence set out on the Charge Form or at the address of such other place of business or usual residence or electronic address of which the Chargor shall have notified the Chargee in writing.

Place of Payment. All payments must be made at the place of business of the Chargee, in lawful money of Canada at 100 University Avenue, Suite 700, North Tower, Toronto, Ontario, Canada, M5J 1V6, or at such other place as the Chargee may from time to time indicate to the Chargor.

Joint and Several. Should the Loan be granted to several parties, each of them is jointly and severally liable to the Chargee for all the Indebtedness and the performance of all the obligations under this Charge and the other Loan Documents. The same holds for all Persons who will assume the repayment of the sums due or to become due.

Severability. In the event that any provision of this Charge shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Charge shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

No Amendments and Waiver. No amendment to this Charge shall be valid or binding unless set forth in writing and agreed to by the Chargor and Chargee. No waiver of any breach of any provision of this Charge will be effective or binding unless made in writing and signed by the Chargee and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No delay or failure by the Chargee in the exercise of any right under this Charge or any other Loan Document shall operate as a waiver thereof.

Successors and Assigns. The rights hereby conferred upon the Chargee shall benefit all its successors and assigns.

References to First National Financial LP. All references to First National Financial LP in this Charge and the other Loan Documents shall mean First National Financial LP or its successors or assigns, as the case may be.

Further Assurances. The Chargor agrees to execute such further assurances of title to the Property as may be required by the Chargee and to do all things and execute such additional documents as the Chargee reasonably requires to ensure that all Indebtedness and other obligations of the Chargor to the Chargee remain secured by this Charge, that this Charge has priority over any other security interest in the Property, except as may be otherwise agreed by the Chargee, and otherwise to give full effect to the intent of this Charge.

Conflicts Between Documents. If there is a conflict or inconsistency between any provision of this Charge and any other Loan Document, the Chargee shall be entitled to choose which provision will prevail.

Interpretation. The words "hereto", "hereof", "hereby", "hereunder" and similar expressions refer to the whole of this Charge and not to any particular paragraph or portion hereof and extend to and include any and every document supplemental or ancillary hereto or in implementation hereof. Words importing the masculine gender include the feminine and neuter genders and words in the singular include the plural, and vice-versa, where the context so requires. The headings do not form part of this document and have been inserted for convenience of reference only.

33. CASH-BACK PROMOTION

If the Chargor received a cash incentive (the "**Cash-Back Amount**") to enter into the Loan (and notwithstanding that the Interest Rate hereunder may be higher as a result thereof), then the Chargor will repay to the Chargee all or part of the Cash-Back Amount based on the formula hereinafter set out if any of the following events (the "**Triggering Events**") occur prior to the expiry of the original Term of this Charge:

(a) the Chargor sells the Property, prepays all or part of the Indebtedness, early renews or refinances this Charge or arranges for the assignment of this Charge to another chargee; or

(b) the Chargee accelerates prepayment of the Indebtedness because of a default by the Chargor.

The amount that the Chargor must repay (the "**Repayment Amount**") if any Triggering Event occurs will equal:

(c) except where the Triggering Event is the prepayment of only part of the Indebtedness, the Cash-Back Amount multiplied by the portion of the Term remaining at the time of occurrence of the Triggering Event (expressed in months) divided by the original Term (expressed in months); or

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(d) if the Triggering Event is the prepayment of only part of the Indebtedness, the number arrived at by using the formula in (c) above multiplied by a fraction having as its numerator the amount of the partial prepayment and as its denominator the original Principal Amount of this Charge.

The Repayment Amount shall be payable forthwith upon the occurrence of the Triggering Event and if not so paid shall be added to the Indebtedness, shall bear interest at the Interest Rate and shall be secured by this Charge.

34. GUARANTEE

The Guarantor, in consideration of the making the Loan to the Chargor and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, hereby agrees as follows:

(a) that the Guarantor with the Chargor, as principal debtor and not as surety, will well and truly pay or cause to be paid the Indebtedness to the Chargee at the times and in the manner herein provided and appointed for the payment thereof;

(b) that he unconditionally guarantees full performance and discharge by the Chargor of all the obligations of the Chargor under the provisions of this Charge at the times and in the manner herein provided;

(c) that he will indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur or be or become liable for by reason of:

  (i) the failure for any reason whatsoever of the Chargor to pay the Indebtedness or to do and perform any other act, matter or thing pursuant to the provisions of this Charge; or

  (ii) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the Indebtedness or the obtaining of performance by the Chargor or of any other Person liable hereunder of any other act, matter or thing pursuant to the provisions of this Charge,

and the foregoing indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(d) that the Chargee shall not be obliged to proceed against the Chargor or any other person liable hereunder or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor herein set out and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any debt or obligation of the Chargor or any other Person liable hereunder or the enforcement of any security for any such debt or obligation;

(e) that the Chargee may grant any extension of time for payment, increase the rate of interest payable under this Charge, renew or extend the term of this Charge, release the whole or any part of the Property or other security from this Charge or otherwise deal with the Chargor, all without in any way releasing the Guarantor from his covenant hereunder;

(f) that the Guarantor has read this Charge and the other Loan Documents and is fully aware of its terms and their terms and in particular the terms of this Section 34;

(g) that the Chargee, as it sees fit, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and all existing securities up to, and abstain from taking securities from or perfecting securities of, and may compromise, compound, and accept compositions from, and may otherwise deal with, the Chargor and all other Persons liable upon any collateral or other security which the Chargee may at any time hold, without notice to the Guarantor and without changing or in any way affecting the undertaking of the Guarantor hereunder; and

(h) that where there is more than one Guarantor, each Guarantor agrees with the Chargee to be jointly and severally responsible with all other Guarantors and the Chargor for all Indebtedness and obligations of the Chargor under this Charge and the other Loan Documents.

35. SEALED COVENANTS

Each Person signing this Charge (whether as a Chargor or a Guarantor) agrees that each promise and agreement made in this Charge shall be treated as if made by each of them respectively under seal.

36. ADDITIONAL PROVISIONS

Land Registration Reform Act. The covenants set out in Section 7(1) of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended from time to time, are excluded from this Charge; and

Ontario New Home Warranties Plan Act. If the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c. O.31, as amended from time to time, applies to the Property, the Chargor agrees to comply with its requirements and to reimburse the Chargee on demand for any costs which the Chargee incurs in complying with it or enforcing the Chargor's rights on the Chargor's behalf if the Chargor fails to do so and such costs will be added to the Indebtedness and will bear interest at the Interest Rate and shall be secured by this Charge.

DATED the 22nd day of September, 2008.

FIRST NATIONAL FINANCIAL GP CORPORATION

By: ______________________

Stephen Smith
President
I have the authority to bind
the Corporation

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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

FILED BY: **FIRST NATIONAL FINANCIAL GP CORPORATION**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number as provided in Section 9 of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended, except to the extent that the provisions of these terms are modified by any additions, amendments or deletions provided for or stipulated in such charge, or in any schedule(s) annexed thereto.

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1. DEFINITIONS

In this set of Standard Charge Terms the following words shall have the following meanings.

"**Applicable Laws**" means all applicable federal, provincial and municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all common laws or equitable principles whether now or hereafter in force and effect.

"**Balance Due Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"**Change of Control**" has the meaning ascribed thereto in Section 15.

"**Charge**" means collectively, the Charge Form, this set of Standard Charge Terms, any Schedules attached to the Charge Form and all renewals, extensions or amendments thereof from time to time.

"**Charge Form**" means the form, stipulated by Applicable Laws, to which these Standard Charge Terms are attached or incorporated by reference or election.

"**Chargee**" means the Person or Persons named on the Charge Form as mortgagee or chargee and includes any Person to which the Chargee transfers this Charge.

"**Chargor**" means the Person or Persons named on the Charge Form as mortgagor or chargor and any successor in title to such Person or Persons with respect to the Property.

"**CMHC**" means Canada Mortgage and Housing Corporation and its successors and assigns.

"**Commitment**" means the written agreement to make and to accept the Loan entered into between First National Financial LP as lender and the Chargor prior to the execution of this Charge and includes any written communication between the parties renewing, extending or amending the terms of the Loan or any of the Loan Documents, together with all other renewals, extensions or amendments thereof from time to time.

"**Default**" has the meaning ascribed to such term in Section 20.

"**Environmental Laws**" means all Applicable Laws relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation, clean up or any other aspect, of a Hazardous Substance.

"**Environmental Proceeding**" means any investigation, action, proceeding, conviction, fine, judgment, notice, order, claim, directive, permit, licence, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

"**First Payment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement, or if not so identified or described, the day that is one month from the Interest Adjustment Date.

"**Guarantor**" means each guarantor or co-covenantor with the Chargor described on the Charge Form or in any other Loan Document.

"**Hazardous Substance**" means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation, contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated biphenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products and hazardous wastes.

"**Indebtedness**" means the outstanding Principal Amount, interest, costs and all other amounts payable by the Chargor to the Chargee under this Charge and the other Loan Documents.

"**Interest Adjustment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"**Interest Rate**" means the interest rate indicated on the Charge Form, as such interest rate may be amended from time to time by written agreement.

"**Loan**" means the particular loan or credit facility which this Charge is intended to secure.

"**Loan Documents**" means collectively, the Commitment, this Charge and all other agreements, documents and instruments relating to the Loan as amended, supplemented and restated from time to time.

"**Monthly Instalment**" means a payment payable each month on the Payment Date in an amount calculated in accordance with this Charge.

"**Payment Date**" means that day of each and every month from and including the First Payment Date to and including the Balance Due Date which is a monthly anniversary of the Interest Adjustment Date.

"**Person**" means a natural person, corporation, partnership, limited partnership, trust, unincorporated organization or any other legally recognized entity.

"**Prime Rate**" means the annual rate of interest published from time to time by First National Financial LP as a reference rate of interest then in effect for determining interest on Canadian dollar loans made in Canada.

"**Principal Amount**" means the principal amount of the Loan in lawful money of Canada set out on the Charge Form.

"**Property**" means the real property legally described on the Charge Form or in a Schedule to the Charge Form, if required, and includes all buildings, structures and improvements now or hereafter brought or erected thereon and all fixtures, rents and other appurtenances thereto. In the case of a strata lot or condominium, "Property" shall also include the Chargor's interest in the common elements and any other interests of the Chargor in the assets of the strata corporation or condominium corporation.

"**Receiver**" means a receiver, a manager, a receiver and manager or other similar Person appointed in regard to the Property and the rents and profits of and from such Property, which receiver may be an officer or officers or an employee or employees of the Chargee.

"**Registry Office**" means the appropriate registry of deeds, land titles or other land registration office from time to time established under Applicable Laws for the registration, filing or similar recording of this Charge.

"**Schedule**" means any document or schedule (except these Standard Charge Terms) attached to and forming part of this Charge.

"**Tax Account**" has the meaning ascribed thereto in Section 7.

"**Taxes**" means all taxes, rates and assessments payable with respect to the Property whether provincial, municipal, school, local, parliamentary or otherwise, including, without limitation, municipal and school taxes, water rates and religious assessments, general or special.

"**Term**" means the term of the Loan as set out on the Charge Form, calculated from the Interest Adjustment Date, as the same may be amended by written agreement.

2. SECURITY

Continuing Security. In return for the making of the Loan to the Chargor:

(a) the Chargor hereby grants, mortgages and charges all of his right, title, estate and interest in and to the Property to the Chargee as continuing security for the payment of the Indebtedness and performance of all obligations of the Chargor contained in this Charge and the other Loan Documents; and

(b) if the Chargor is a tenant or lessee of the Property under a lease, the Chargor hereby grants, mortgages, charges, assigns and subleases all of his right, title and interest (including any present or future option or right of first refusal or right to renew or extend any term of the Chargor's lease) in and to the Property and to the lease, for the unexpired residue of the term of the lease, including any renewals or extensions of the term (excepting always, in all cases, the last day of such original or renewed or extended term).

Subsequent Interests. By this Charge, the Chargor grants and mortgages any additional or greater interest in the Property that the Chargor may later acquire.

No Discharge of other Loan Documents. By entering into this Charge, the Chargor and Chargee do not intend that any other Loan Document is to be extinguished, superceded or discharged.

No Prejudice to Other Security. The Chargee may take guarantees and other security from other Persons, or grant time, renewals, extensions, indulgences, releases and discharges to the Chargor and other Persons, relating to the Indebtedness or the obligations secured by this Charge, without prejudicing or diminishing any of the rights and remedies of the Chargee under this Charge or the other Loan Documents.

Discharge. Upon the total repayment of all Indebtedness under this Charge, the Chargee shall have a reasonable period of time of at least 6 weeks, or such shorter period as required under Applicable Laws, to cause the preparation and delivery of the discharge of this Charge.

3. INTEREST RATE AND MONTHLY INSTALMENTS

Interest Chargeable. Interest is chargeable on and forms part of the Indebtedness and is payable by the Chargor at the Interest Rate, calculated semi-annually and not in advance, in accordance with the terms of this Charge and the other Loan Documents.

Monthly Instalments.

(a) Unless the Commitment provides that the Loan is CMHC insured with interest only payments for the first 5 or 10 years, the Monthly Instalment shall consist of blended principal and interest in the amount specified on the Charge Form or, if not so specified, in an amount designed to effect payment in full of the Loan by the end of the amortization period thereof.

(b) If the Commitment provides that the Loan is CMHC insured with interest only payments for the first 5 years, then the Monthly Instalment shall consist of interest only during the first 5 years following the original Interest Adjustment Date. Thereafter, the Monthly Instalment shall consist of blended principal and interest (at the Interest Rate then in effect) in an amount sufficient to fully amortize the Loan over a 20 year amortization period commencing on the fifth anniversary of the original Interest Adjustment Date.

(c) If the Commitment provides that the Loan is CMHC insured with interest only payments for the first 10 years, then the Monthly Instalment shall consist of interest only during the first 10 years following the original Interest Adjustment Date. Thereafter, the Monthly Instalment shall consist of blended principal and interest (at the Interest Rate then in effect) in an amount sufficient to fully amortize the Loan over a 15 year amortization period commencing on the tenth anniversary of the original Interest Adjustment Date.

(d) Nothing in the preceding paragraphs shall be deemed to alter the Term as set out in this Charge or in any renewal or extension agreement and any provision which relates to a period after the end of the Term shall only apply to the extent the Term is renewed or extended.

Calculation of Interest.

(a) Interest shall be payable on the Indebtedness both before and after default, maturity, acceleration and judgment until the Indebtedness has been repaid in full.

(b) In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgment, shall bear interest at the Interest Rate. If the interest and compound interest are not paid within six (6) months from the time of default, a rest shall be made and compound interest at the Interest Rate shall be payable on the aggregate amount then due as well after as before maturity and so on from time to time, and all such interest and compound interest shall form part of the Indebtedness and be secured by this Charge.

Maximum Rate of Interest. If the Interest Rate exceeds the maximum rate permitted under Applicable Laws, then, notwithstanding the terms of any Loan Document, the Interest Rate shall be deemed to be such maximum rate.

4. REPAYMENT OF THE LOAN

Repayment of Indebtedness. The Chargor will pay to the Chargee all Indebtedness secured hereby in the manner provided in this Charge and the other Loan Documents, without any deduction, abatement, counterclaim or set-off (legal or equitable) of any kind whatsoever and shall do, observe, perform and fulfill all the provisions, covenants, agreements and stipulations contained in this Charge and the other Loan Documents.

Monthly Instalments. From and after the Interest Adjustment Date, the Chargor shall pay the Chargee the Principal Amount together with all interest thereon at the Interest Rate calculated semi-annually and not in advance and computed from the Interest Adjustment Date, in Monthly Instalments calculated in accordance with Section 3 above commencing on the First Payment Date and thereafter on each Payment Date to and including the Balance Due Date, at which time the balance of the Principal Amount, if any, and the interest thereon shall become due and be paid.

Interest Payable Prior to Interest Adjustment Date. The Chargor shall pay simple interest on advances, if any, computed from the respective dates of such advances up to the Interest Adjustment Date at the Interest Rate but calculated daily rather than semi-annually. Such payments of interest shall be made on the first day of each and every month commencing with the month next following the month in which the first advance is made and continuing to and including the Interest Adjustment Date.

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Timing of Receipt of Payments. All payments received by the Chargee from the Chargor or any other Person after 3 p.m. (Eastern Standard Time) or on a Saturday, Sunday or statutory holiday will be deemed to be received on the next business day.

5. APPLICATION OF MONTHLY INSTALMENTS

Application of Monthly Instalments. Each Monthly Instalment will be applied first, to pay or reduce interest calculated as provided above on the Principal Amount from time to time outstanding and the balance shall then be applied to reduce the Principal Amount. However, if the Chargor is in default under this Charge or any other Loan Document, the Chargee shall be entitled to apply the Monthly Instalments or any other money received by the Chargee on account of the Indebtedness towards any part or parts of the Indebtedness at the Chargee's discretion.

Annual Mortgage Statement. Each year the Chargor will receive from the Chargee an annual mortgage statement that will show the total amount of the Monthly Instalments that have been applied as aforesaid in the previous year.

6. REPRESENTATIONS AND WARRANTIES

The Chargor represents and warrants to the Chargee:

(a) that the Property is free of all Taxes, same having been paid to date without subrogation in favour of any party;

(b) that all the structures and improvements are erected entirely on the Property and that there are no structures or improvements encroaching over the Property's boundaries from neighbouring lands;

(c) that unless the Charge indicates that he is the tenant or lessee of the Property, the Chargor is the absolute freehold owner of the Property with good title thereto and that there are no charges, mortgages, liens or other encumbrances, other than those hereby created, affecting the Property except for any liens and encumbrances that are registered against title to the Property in the applicable Registry Office at the time the Chargor signed this Charge; and

(d) that the Chargor has the right to grant this Charge to the Chargee.

7. TAXES

Tax Account. The Chargor shall pay all Taxes promptly when due. If required by the Chargee, the Chargor will pay to the Chargee monthly, an amount which, in the opinion of the Chargee, is sufficient to enable the Chargee to pay the annual Taxes on behalf of the Chargor by the date the first instalment of Taxes for each year becomes due, based on the estimated annual Taxes and subject to adjustment based on Taxes actually levied. Such funds, when received by the Chargee, are herein referred to as the "**Tax Account**". The Chargee may, at its option, withhold a sufficient amount from the advance of the Loan to accumulate sufficient funds in the Tax Account to enable the foregoing. If at any time the amount in the Tax Account is not sufficient to pay all Taxes when due the Chargor shall promptly make up the difference on demand. The Chargee shall be under no obligation to pay any Taxes or instalments thereof and will not be liable for any damages or penalties that might result from its failure to do so. It is the responsibility of the Chargor to assure himself of the payment of Taxes by either himself or the Chargee. The Chargee shall not be deemed a trustee for the Chargor in respect of the Tax Account. If the Chargor is in default of its obligations hereunder, the Chargee has the right to use the Tax Account to repay all or any portion of the Indebtedness.

Administration by Chargee. Where the Chargee administers a Tax Account on behalf of the Chargor:

(a) the Chargee shall allow the Chargor interest at not less than the prevailing rate published by the Royal Bank of Canada on personal savings deposits with chequing privileges on the minimum monthly balances standing in the Tax Account from time to time to the credit of the Chargor for payment of Taxes, such interest to be credited monthly to the Tax Account; and

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(b) the Chargor shall be charged interest at the rate of 2% above the Prime Rate on debit balances, if any, outstanding in the Tax Account after payment of Taxes by the Chargee, until such debit balance is fully repaid.

8. INSURANCE

Property Insurance. To secure the repayment of the Indebtedness, the Chargor shall have all the buildings and other constructions now or hereafter erected upon the Property (hereinafter in this Section collectively referred to as the "**buildings**") insured at their full replacement cost against loss or damage caused by fire and such other perils as are covered by standard extended coverage, both during and after construction, until such time as the Chargee is fully repaid all Indebtedness. If the Chargee so requires, the Chargor shall be further insured during said period against the risks of vandalism, floods, boiler explosions and any other risks designated by the Chargee from time to time, as well as against civil liability. If the Property generates rentals or revenues, the Chargor shall also maintain rental insurance in an amount equal to at least 12 months rental income. Prior to any disbursements whatsoever, the Chargor shall deliver to the Chargee certificates evidencing such insurance and if required by the Chargee, certified copies of the policies, and at least fifteen (15) days prior to their expiry he shall deliver proof of new policies or renewal of the existing policies. If said expiry results from the cancellation of said policies, the time allowed will be only five (5) days. The Chargee may, if it so desires, retain all said policies in its possession. In any event, the insurer, and the terms of the insurance policies and their renewals, including the amount of any deductibles, shall be approved by the Chargee and the policies shall include the mortgage clauses approved by the Insurance Bureau of Canada confirming that loss proceeds are payable to the Chargee and that the Chargee has the right to receive and to have a lien on the loss proceeds in accordance with its priority established under this Charge. The Chargor hereby assigns to the Chargee all amounts payable under any of these policies. All such policies shall contain an undertaking by the insurer to notify the Chargee in writing of any material change in, cancellation of, failure to renew or termination of such policy at least fifteen (15) days prior thereto. The insurance policies shall not contain a co-insurance clause. Upon the failure of the Chargor to fulfil these insurance obligations, the Chargee may, without prejudice to its other recourses and without notice or demand, effect such insurance contracts as it deems appropriate at the cost of the Chargor to be paid forthwith by the Chargor, failing which it shall be added to the Indebtedness and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. In the event of loss or damage to the buildings, the Chargor shall promptly notify the Chargee and provide the Chargee with a copy of the detailed statement of damages as well as evidence that said statement has been sent to each of the insurers. The Chargor shall allow the Chargee to inspect the buildings. The Chargee may receive the insurance proceeds without the intervention or consent of the Chargor.

Insurance Proceeds. The Chargor shall remit to the Chargee forthwith any amount received by him from an insurer pursuant to an insurance contract described in this Section 8, up to the amount of the Indebtedness. The Chargee will have the right, at its sole discretion, to apply any proceeds of insurance wholly or in part to the following purposes:

(a) to pay wholly or in part Taxes or any other indebtedness secured by charges or other encumbrances which have priority over the Indebtedness or this Charge; and/or

(b) to reconstruct or repair the damaged buildings and pay for the work and materials relative thereto; and/or

(c) to pay wholly or in part the Indebtedness secured hereby, whether or not then due including any amount the Chargor would have been required to pay upon a prepayment of the Indebtedness on such date in accordance with the terms of this Charge.

Chargee to Consent to Repair. No construction or repair work may be undertaken without the prior written consent of the Chargee. It is clearly understood, however, that by consenting to the Chargor effecting any reconstruction or repair the Chargee is in no way obligated to pay the costs thereof nor prevented from using all or part of said proceeds to pay the Indebtedness or any part thereof or to pay any other party whose security interest ranks prior to its own. The Chargee may, at its option, undertake any such reconstruction or repair of the damaged buildings. Any proceeds applied to pay all or any part of the Indebtedness shall only be regarded as being so applied when the Chargee has decided to so apply them.

9. MAINTENANCE AND REPAIR

The Chargor shall maintain the Property in a good state of maintenance and repair as would a prudent owner, and in compliance with all Applicable Laws. The Chargor may not alter or demolish or allow any other party to alter or demolish the Property without the prior written consent of the Chargee. The Chargee or any Person designated by the Chargee shall be at liberty to inspect the interior or the exterior of the Property and/or to conduct a site assessment or investigation to determine if there has been a breach of any Applicable Laws, including, without limitation, any Applicable Laws concerning environmental protection. The Chargor shall pay the cost of any such inspection or site assessment to the Chargee promptly upon demand, failing which it shall be added to the Principal Amount and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. The exercise of any of the powers enumerated in this clause shall not result in the Chargee or any designee conducting such inspection, assessment or investigation being deemed to be in possession, management or control of the Property.

10. COMPLIANCE WITH APPLICABLE LAWS

The Chargor shall comply with all Applicable Laws that apply to the Property or the use or occupation thereof, including, without limitation, those relating to zoning, land use, health, safety and environmental protection. The Chargor shall not, and shall not permit any lessee of the Property, to engage in any criminal activity on the Property including, without limitation, the cultivation or processing of marijuana or any other controlled substance.

11. USE OF PROPERTY

The Chargor shall not change or permit any change in the use of the Property nor will the Chargor request or support any rezoning of the Property (or any portion thereof) without the prior written consent of the Chargee.

12. FIXTURES

The Chargor covenants and agrees with the Chargee that all erections and improvements fixed or otherwise now on or in future put upon the Property which are the property of the Chargor, including, without limitation, all fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, dishwashers, washing machines, dryers, and all apparatus and equipment appurtenant to any of the forgoing are and shall be, in addition to other fixtures thereon, fixtures and form part of the Property and shall be a portion of the security for the Indebtedness. The Chargor hereby charges and grants to the Chargee a security interest in all of the Chargor's right, title and interest in and to all such items as additional security for repayment of the Indebtedness.

13. OTHER ENCUMBRANCES

The Chargor shall maintain the Property free and clear of and from any claim, charge, mortgage, lien or other encumbrance ranking prior to the charge created herein and shall cause the removal of any such prior claim or charge within ten (10) days of its creation, unless the Chargor, in good faith, contests its validity or the amount of the claim from which it results, after having given prior notice to the Chargee of his intention to such effect, and has deposited with the Chargee an amount in lawful money of Canada which shall be sufficient to guarantee all losses which the Chargee may suffer by reason of such claim, charge, mortgage, lien or encumbrance. The Chargor shall not grant any rights in the Property without the prior consent in writing of the Chargee and shall maintain all Property free and clear of any claims, charges, encumbrances or rights other than those that are created under this Charge.

14. CHARGEE'S RIGHT TO PERFORM

The Chargee may perform any obligation of the Chargor hereunder or under any other Loan Document which the Chargor fails to perform including without limitation, payment of all premiums of insurance and all Taxes, utility and heating charges and rents which shall from time to time fall due and be unpaid in respect of the Property, and may satisfy any lien, encumbrance, claim or other charge now or hereafter existing upon the Property. All amounts expended by the

Chargee in so doing shall be added to the Indebtedness, shall be secured by this Charge and shall be payable forthwith by the Chargor to the Chargee and shall bear interest from the date so paid by the Chargee at the Interest Rate until repaid.

15. ASSUMPTION OF CHARGE

Requirements for Assumption. Unless this is a CMHC insured interest only loan, the Chargee shall allow a purchaser of the Property to assume the Charge from the current Chargor provided the purchaser completes a new mortgage loan application, is approved by the Chargee in accordance with its then current underwriting practices and executes an assumption agreement in form and substance satisfactory to the Chargee.

Indebtedness May Become Due. Provided that in the event of:

(a) the Chargor selling, conveying, transferring or entering into any agreement to sell or transfer the title of the Property to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) such purchaser, grantee or transferee failing to:

  (i) apply for and receive the Chargee's written approval as aforesaid,

  (ii) personally assume all the obligations of the Chargor under this Charge, and

  (iii) execute an assumption agreement in the form required by the Chargee; or

(c) in the case of a corporate Chargor, the occurrence of a change of control (within the meaning given to such term in the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended from time to time) (a "**Change of Control**") of the Chargor not approved in writing by the Chargee,

then, at the option of the Chargee, the Indebtedness, together with the amount required to be paid on a prepayment of the Charge on such date pursuant to the terms of this Charge, shall forthwith become due and payable.

CMHC Insured Interest Only Loans Not Assumable. Notwithstanding Section 15 hereof, it is acknowledged by the Chargor that if this is a CMHC insured interest only loan, this Charge is not intended to be assumable. Notwithstanding any other provision in this Charge or the other Loan Documents to the contrary, if the Loan is a CMHC insured interest only loan, in the event of the Chargor selling, conveying, transferring or entering into any agreement to sell or transfer title to the Property or any part thereof or, in the case of a corporate Chargor, if there is a Change of Control of the Chargor, then, at the option of the Chargee, the Indebtedness, together with the amount required to be paid on a prepayment of the Indebtedness on such date in accordance with the terms of this Charge, shall forthwith become due and payable.

16. NO RELEASE

Notwithstanding that the Chargee may have approved any purchaser, grantee or transferee and that such Person may have executed an assumption agreement, or that the Chargor transfers or otherwise conveys or purports to transfer or otherwise convey the Property or any interest therein, the Chargor shall not thereby be released from his obligations under this Charge and the Loan Documents unless the Chargee has so released the Chargor in writing or the Chargor is otherwise released pursuant to Applicable Laws.

17. PORTABILITY OF CHARGE

All amounts outstanding under this Charge may be secured by a charge on replacement property of at least equal value (the "**Replacement Property**") on the same terms and conditions as contained in this Charge, provided the following conditions are met:

(a) the Chargor is not in default under this Charge;

(b) the Replacement Property is a single family dwelling which the Chargor will occupy;

(c) the Chargor completes a new mortgage loan application for the Replacement Property for an amount not less than the then outstanding Principal Amount of this Charge;

(d) the new loan application is approved by the Chargee in its sole discretion;

(e) the new charge is registered as a first charge against the title to the Replacement Property and all searches, opinions and clearances required by the Chargee are obtained and, if so required by the Chargee, title insurance is in place;

(f) the term of the new charge shall expire on the maturity date of this Charge;

(g) the new charge shall incorporate all terms and conditions then contained in the Chargee's standard charge and other documentation in use at that time; and

(h) the Chargor will pay all costs, charges and expenses of and incidental to the approval, taking, preparation, execution and registration of the new charge and discharge of this Charge, or, if applicable, an amending agreement, including, without limitation, any application and appraisal fees, solicitor's fees, surveyor's fees and, if applicable, mortgage insurance and title insurance premiums.

18. LEASES AND RENTALS

Where the Property generates rentals or revenues the following provisions shall apply.

(a) As general and continuing security for repayment of the Indebtedness, the Chargor hereby assigns, transfers and sets over to the Chargee, as and by way of a fixed and specific assignment and security interest, all legal and beneficial right, title and interest of the Chargor in and to (i) all present and future leases, offers to lease, subleases, licences and other agreements affecting the use, enjoyment and/or occupancy of the Property or any part thereof and all related guarantees, indemnities and security deposits, and (ii) any and all rents, revenues and receipts of any kind from the Property now or hereafter due and payable, with full benefit and advantage thereof, including the benefit of all covenants and agreements contained in the leases and full power and authority to demand, collect, sue for, recover, receive and give receipts for the rents in the name of the Chargor or owner from time to time of the Property or in the name of the Chargee, in the Chargee's sole discretion.

(b) Upon request by the Chargee, the Chargor shall provide to the Chargee, (i) a list containing the name of all tenants, and details as to their leases; (ii) a copy (or the original, when requested by the Chargee) of all leases, present and future, relating to the Property and any document and any useful information in connection therewith; and (iii) a written acknowledgment by the tenants, present and future, of the charge on rentals hereby created in the form required by the Chargee.

(c) The Chargee may require that all leases be subject to its approval, that they be subordinated to its rights herein and that the Chargor provide it on a yearly basis with a statement of revenues and expenditures concerning the Property. All leases shall be on market terms and conditions.

(d) The Chargee hereby authorizes the Chargor to collect all rents; however, the Chargor shall not collect more than one month's rent in advance nor shall he grant more than one month's free rent. Such authorization may be revoked at any time by the Chargee and in such case, the Chargee shall be at liberty to exercise as it may deem appropriate, to the exclusion of the Chargor, all rights of the Chargor in order to maintain, renew, grant, modify or terminate any lease, and to collect rentals and revenues from the Property including, without limitation, the bringing of an action for recovery of rentals; provided however, that the Chargee shall be under no obligation to exercise such right and shall not be liable for any loss or damage which may result from its failure to collect such rentals.

(e) With respect to leases of the Property, the Chargor hereby represents and warrants that the rents payable under same are legal, that no proceedings exist which could result in a decrease in the legal rents chargeable, that no orders exist prohibiting rent increases and that no work orders exist which could result in the issuance of an order prohibiting rent increases.

(f) The Chargor hereby agrees to indemnify and save the Chargee harmless from any and all demands, claims, damages, actions, proceedings, lawsuits, costs, expenses or payments which the Chargee may sustain or incur by reason of the Chargor's failure to charge legal rents or by reason of successful reduction claims by any tenant under any lease in the building on the Property or by any former tenant of the building. The Chargor agrees that all rents charged with respect to the Property or any part thereof will be lawful rents pursuant to any applicable legislation from time to time respecting residential housing and further agrees that he will file all items required to be filed by such legislation in a timely, accurate and complete way. All amounts so indemnified will be payable forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date of the expenditure until paid in full and shall be secured by this Charge. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

19. ENVIRONMENTAL MATTERS

Chargor to Indemnify. The Chargor shall indemnify and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs and expenses (including legal fees) (collectively "**Environmental Claims**") occurring, imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not caused by the Chargor or within its control: (a) any actual or alleged breach of Environmental Laws relating to or affecting the Property; (b) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom; (c) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, and (d) any assessment, investigation, containment, monitoring, remediation and/or removal of any Hazardous Substances from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

Amounts Relating to Environmental Claims. All amounts expended by the Chargee in connection with any such Environmental Claims shall be payable by the Chargor forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date expended until paid in full and shall be secured by this Charge.

20. EVENTS OF DEFAULT

The Chargor shall be in default (a "**Default**") under this Charge in each of the following events:

(a) the Chargor fails to pay any monies payable under this Charge or under any other Loan Document when due;

(b) the Chargor fails to perform any of its covenants or obligations under this Charge or under any other Loan Document;

(c) the Chargor fails to comply with any other term or condition of this Charge or any other Loan Document;

(d) any of the representations, statements, certifications or declarations of the Chargor, whether contained in this Charge or any other Loan Document, is found to be untrue or misleading;

(e) if any other mortgage or any lien, charge or other encumbrance is registered against title to the Property or if the Chargee receives written notice of any lien that is created as a result of unpaid property taxes, unpaid strata or condominium fees, judgments, construction liens, builders' liens or similar encumbrances;

(f) the Chargor becomes insolvent or becomes subject to any insolvency, bankruptcy, reorganization, arrangement, compromise of debts or similar proceedings affecting the rights of any creditor, or a petition in bankruptcy is taken against the Chargor, or a receiver or an administrator takes possession of his property, or a resolution is adopted with respect to the liquidation of his property;

(g) in the case of a corporate Chargor, it fails to remain in good standing with government authorities having jurisdiction over it or if the corporation loses any of its rights or attributes as a corporation;

(h) in the case of a corporate Chargor, there is a Change of Control of the Chargor without the prior written consent of the Chargee;

(i) any activity which violates the *Criminal Code*, R.S.C. 1985, c. C-46 (as amended from time to time) or any other law or regulation of any authority having jurisdiction is conducted on the Property;

(j) if the Loan is insured, whether under the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time) or by any other insurer, any requirement of such insurance has not been complied with by the Chargor;

(k) if the Property is under construction, the construction works are halted for a continuous period exceeding ten (10) days, for reasons other than a fortuitous event or force majeure or construction holidays;

(l) if a default occurs under any other mortgage or any lien, charge or encumbrance affecting the Property or any part of it including without limitation, any of the foregoing which has priority over this Charge and whether or not the Chargee has agreed to such priority;

(m) the Property is subject to foreclosure proceedings, judicial sale, or otherwise seized by another mortgagee, encumbrancer, writ holder, receiver or any agent of the any of the foregoing or any other Person performing similar functions; or

(n) an event occurs which is stated to be a Default under Section 25 of this Charge.

21. CHARGEE'S REMEDIES UPON DEFAULT

Chargee's Rights on Default. If a Default occurs, the Chargee shall have no obligation to make any further advances and may, at its option, do any one or more of the following:

(a) demand immediate repayment of the Indebtedness, in which case all Indebtedness will become immediately due and payable and, to the extent permissible under Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to prepay the Indebtedness at such time;

(b) subject to Applicable Laws, take such action as is necessary or desirable to collect the Indebtedness or any portion thereof;

(c) enter upon and take possession of the Property and any personal property thereon;

(d) make any arrangements the Chargee considers necessary or advantageous to inspect, lease, collect rents or manage the Property, complete construction of any building on the Property or repair any building on the Property;

(e) take proceedings in court or otherwise as may be permitted by Applicable Laws to sell the Property or any part thereof or, if the Property is a leasehold interest, to sell the unexpired term of years demised by the lease with respect to the whole or any part of the leasehold interest in the Property, by public auction or private sale and on such terms as the Chargee considers most advantageous, including selling the Property or unexpired term of the lease for cash or credit or any combination of the two;

(i) on thirty-five days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

(ii) without notice to the Chargor if the Default has continued for sixty days or more (if and to the extent permitted by Applicable Laws).

(f) lease the Property on such terms as the Chargee considers most advantageous:

(i) on fifteen days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

(ii) without notice to the Chargor if the Default has continued for thirty days or more (if and to the extent permitted by Applicable Laws);

(g) apply to a Court for an order that the Property be sold on terms approved by the Court;

(h) apply to a Court to foreclose the Chargor's interest in the Property so that when the Court makes its final order of foreclosure, the Chargor's interest in the Property will be absolutely vested in and belong to the Chargee;

(i) apply to the Court to have a Receiver appointed with respect to the Property or appoint a Receiver of the Property under this Charge;

(j) with respect to personal property charged by this Charge, exercise any or all of the rights and remedies granted to secured parties under applicable personal property security legislation and any other applicable statute, or otherwise available to the Chargee at law or in equity; and

(k) take any other action and exercise any other remedies which are described elsewhere in this Charge or the other Loan Documents or which are available to the Chargee under Applicable Laws upon a default by the Chargor.

Additional Payments. Where a prepayment or redemption takes place following a Default hereunder by the Chargor, there shall, coincident therewith, be due and owing to the Chargee, to the extent permissible under Applicable Laws, any amount which would have been payable by the Chargor had he elected to prepay the Indebtedness pursuant to the prepayment provisions set out in this Charge at the time of such prepayment or redemption.

Payment of Chargee's Costs When Default is Remedied. If the Chargor avails himself of the right to remedy any Default, he shall pay all costs then incurred by the Chargee, and such costs shall include, without limitation, all administrative costs incurred by the Chargee by reason of the Default and all legal fees (determined on a solicitor and client full indemnity basis) and fees paid to experts.

Chargee's Rights to Administer and Manage Property. If the Chargee elects to take possession of the Property, it shall be at liberty to administer and manage it and hire a manager or caretaker, use all means at its disposal in order to enter into the Property with or without a locksmith, contract or renew leases or terminate them, in the name of the Chargor, for the amounts and upon terms and conditions, including, without limitation, the payment of tenant inducements, which the Chargee shall consider appropriate, maintain the Property in good condition, carry out repairs and renovations and undertake or complete any work, all at the Chargor's expense. The Chargor agrees that he will not interfere with the Chargee's or any Receiver's possession of the Property.

Accounting for Monies Received. The Chargee shall only be required to account to the Chargor for any monies actually received by the Chargee in connection with the Property.

Payment of Chargee's Costs and Expenses. To the maximum extent permitted by Applicable Laws, all sums disbursed by the Chargee in enforcing any of its remedies or in connection with the protection, enforcement or realization of its security, including, without limitation, legal fees, realtor's fees, fees incurred in relation to any inspection or valuation of the Property, protective disbursements, fees and expenses incurred in connection with taking such steps as are deemed necessary by the Chargee to protect its interests in proceedings commenced by other Persons in

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relation to the Property and any sums expended in connection with actions taken under Section 21 hereof, shall be repayable by the Chargor on demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date funds were expended by the Chargee and shall be secured by this Charge.

22. JUDGMENTS AND DEFICIENCY

Chargee's Rights After Judgment. If a judgment is obtained from a Court concerning some or all of the Indebtedness or obligations, the remaining Indebtedness or obligations will not be extinguished, superceded or discharged nor will the Chargee be prevented from exercising any of its remaining rights under this Charge, any other Loan Document or under Applicable Laws.

Deficiency After Sale. To the maximum extent permitted by Applicable Laws, the Chargor shall remain responsible for payment to the Chargee of all of the Indebtedness, notwithstanding that the Chargee may have exercised one or more of its remedies under this Charge including, without limitation, sale of the Property.

23. APPOINTMENT OF RECEIVER

Appointment of Receiver. Upon Default, the Chargee or the Chargee as agent or attorney for the Chargor (with such appointment not being revocable by the Chargor), with or without entering into possession of the Property or any part thereof, may appoint in writing a Receiver and may remove any such Receiver and appoint a new Receiver in the place and stead of any previously appointed Receiver.

Powers of Receiver. Subject to Applicable Laws, the Receiver:

(a) will be deemed to be the Chargor's irrevocable agent or attorney, vested with all rights, powers and discretions of the Chargor, and the Chargor will be solely responsible for the Receiver's acts or omissions and for the Receiver's remuneration and expenses;

(b) has power, in the Chargor's name or in the name of the Chargee, to take possession of the Property, to demand, recover and receive income from the Property and to start and carry on any action or court proceeding to collect that income;

(c) may lease or sublease the Property or any part of it on terms and conditions that the Receiver chooses, including without limitation, the payment of tenant inducements, and for that purpose execute contracts in the name of the Chargor, which contracts will be binding on the Chargor;

(d) may make arrangements for the completion of the construction of or repair any improvement on the Property, notwithstanding that the resulting cost may exceed the Principal Amount;

(e) may manage the Property and maintain it in good condition;

(f) has the power to perform, in whole or in part, the Chargor's duties under the terms of the Loan Documents;

(g) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Property or will increase or preserve the value or income potential of the Property; and

(h) has the power to exercise any of the Chargee's rights and remedies referred to in Section 21 hereof.

Use of Income by Receiver. Neither the Receiver nor the Chargee shall be liable to the Chargor to account for monies other than monies actually received by it, in respect of the Property. From income received from the Property, the Receiver may, subject to Applicable Laws, in any order the Receiver chooses, (i) retain enough money to pay or recover the cost to collect the income and to cover other disbursements; (ii) retain its commission, fees and disbursements as receiver; (iii) pay all Taxes and the cost of maintaining the Property in good repair, completing the construction of any building or improvement on the Property, supplying goods, utilities and services to the

Property, insuring the Property and taking steps to preserve the Property from damage by weather, vandalism or any other cause; (iv) pay any money for matters required to be paid by the Receiver under Applicable Laws, or that might, if not paid, result in a default under any charge or encumbrance having priority over this Charge or that might result in the sale of the Property if not paid; (v) pay taxes in connection with anything the Receiver is entitled to do under this Charge; (vi) pay all or part of the Indebtedness to the Chargee whether or not it is due and payable; and (vii) pay any other money owed by the Chargor under this Charge and the other Loan Documents.

Receiver May Borrow. The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do. Any money borrowed by the Receiver from the Chargee and any interest charged on that money and all the costs of borrowing will form part of the Indebtedness and will bear interest at the interest rate and shall be paid with the frequency provided under the applicable terms under which such money was borrowed.

Receiver's Costs and Expenses. The fees and disbursements of the Receiver, if paid by the Chargee, shall form part of the Indebtedness and will bear interest at the Interest Rate from the date paid by the Chargee and shall be secured by this Charge.

Chargee Not Responsible. Nothing done by the Receiver under this Section 23 shall render the Chargee a mortgagee in possession, and the Chargor hereby releases and discharges the Chargee and every Receiver and each of their respective successors and assigns from every claim of every nature, whether for damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any Person claiming through or under the Chargor by reason or as a result of anything done by the Chargee or any Receiver under the provisions of this Charge. The Chargor hereby agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this Charge and agrees that neither the Receiver, the Chargee nor their respective successors and assigns will be liable for any loss sustained by the Chargor or any other Person from such actions or failure to act.

24. LEASEHOLD PROVISIONS

This Section 24 applies if the Chargor is a tenant or lessee of the Property.

Definition. For the purposes of this Section 24, "Lease" means a lease or a sublease pursuant to which the Chargor has a leasehold interest in the Property.

Representations. The Chargor represents that:

(a) the Property is leased to him under a valid Lease (a copy of which has been provided to the Chargee);

(b) that the Chargor has a good leasehold title to the Property free and clear of all mortgages, liens, charges and encumbrances other than liens registered against the leasehold title to the Property in the applicable Registry Office at the time the Chargor signed this Charge;

(c) all rents and other moneys payable under the Lease have been paid and the Chargor has complied with all of his obligations set out in the Lease, in both cases up to the date the Chargor signed this Charge; and

(d) the Chargor has the right to charge and sublet the leasehold title to the Property to the Chargee as set out in this Charge and, if required, has obtained the lessor's unconditional consent to this Charge (or if such consent has been issued under conditions, the Chargee has agreed to same, in writing) and any such consent is in writing and has been provided to the Chargee.

Covenants. The Chargor also covenants and agrees as follows:

(a) that the Lease will at all times while this Charge is not discharged, be a valid lease in full force and effect;

(b) the Chargor will not amend, surrender or modify the Lease without written consent of the Chargee and will pay the rents and other payments required by the Lease as they fall due and perform and observe the covenants and other obligations contained in the Lease on the lessee's part to be performed;

(c) the Chargor will renew the Lease when the Lease gives the Chargor that right so that the term of the Lease will continue at all times while this Charge is not discharged;

(d) the Chargor will promptly give the Chargee a copy of any notice, demand or request which the Chargor may receive relating to the Lease;

(e) the Chargor will, at his cost, upon request by the Chargee, obtain and deliver to the Chargee estoppel certificates from the lessor under the Lease in form and content satisfactory to the Chargee;

(f) the Chargor will sign any other document or take any further action as the Chargee may reasonably require, to ensure that all of the Chargor's interest in the Property and in the Lease have been fully charged to the Chargee and that the Indebtedness is adequately secured;

(g) the Chargor shall indemnify the Chargee and its successors and assigns against all actions, claims, costs (including legal costs, and on a solicitor and client full indemnity basis), demands and liabilities which the Chargee and its successors and assigns may suffer or sustain by virtue of any default by the Chargor under the Lease, and the Chargor agrees that this indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(h) the Chargor will stand possessed of the Property for the last day of the term or any renewal term granted by the Lease in trust for the Chargee;

(i) at the Chargee's request, the Chargor will transfer to the Chargee (or to any other Person to whom the Chargee transfers the Chargor's interest in the Property) the last day of the term of the Lease or of any renewal;

(j) the Chargor hereby appoints the Chargee as his attorney so that the Chargee, on his behalf and in the name of the Chargor, may assign the Lease and the last day of the term of the Lease or of any renewal and convey the Chargor's interest in the Property as the Chargee may require to perfect any transfer made under the default provisions of this Charge; and

(k) if the Chargor acquires the lessor's interest in the Property (whether by exercising any option to purchase there may be in the Lease or any renewal thereof or otherwise), this Charge will automatically extend to such interest and the Chargor agrees that at the Chargee's request the Chargor will deliver to the Chargee a new charge against such additionally acquired interest substantially on the same terms and conditions as those set forth in this Charge.

25. STRATA/CONDOMINIUM PROVISIONS

This Section 25 applies if the Property is or becomes a strata or condominium property created under Applicable Laws.

Compliance with Strata/Condominium Rules. The Chargor shall comply with all of the terms and conditions of the declaration pertaining to the Property as same may be amended from time to time (the "**Declaration**") together with all rules, regulations and by-laws relating thereto as well as all orders and resolutions passed at meetings of the strata/condominium corporation (together with the Declaration, collectively, the "**Constituting Documents**").

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Expenses and Taxes. The Chargor shall pay promptly when due his share of all common expenses, levies and administrative charges in the amounts determined by the board of directors of the strata corporation or condominium corporation (hereinafter the "**strata/condominium corporation**"); if any such payments are not made when due and regardless of any other action or proceeding taken or to be taken by the strata/condominium corporation, the Chargee may make such payments on behalf of the Chargor pursuant to Section 14 hereof.

Voting Rights. The Chargor authorizes the Chargee in the Chargor's name and on the Chargor's behalf, to exercise all rights under Applicable Laws and the Constituting Documents to vote at any meeting (or to vote otherwise than at any meeting) of the strata/condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the Property or assets of the strata/condominium corporation. This authorization includes voting on or any consent to the termination of the strata/condominium corporation. Notwithstanding this authorization, the Chargee may choose not to vote or not to consent at any particular time or on any particular issue. Until the Chargee gives notice to the Chargor and/or the strata/condominium corporation that the Chargee intends to exercise its right to vote or consent, the Chargor may vote or consent. Any notice the Chargee gives may be for an indeterminate or limited period of time, or for a specific meeting or matter. The Chargee shall not be under any obligation to exercise such rights, even though notice may have been given of its intention to do so and shall not be liable to the Chargor or any other Person for the manner in which such rights are exercised or for the failure to exercise same.

Insurance.

(a) At the request of the Chargee, the Chargor shall obtain and deliver to the Chargee a certificate of insurance issued under the master insurance policy placed by the strata/condominium corporation in accordance with the terms of the Declaration and showing the Chargee as mortgagee.

(b) In addition to the insurance maintained by the strata/condominium corporation, the Chargor will insure all improvements which have been or at any future time are made to the dwelling unit charged herein and, as well, insure against such additional risks as may be required by the Chargee, will provide the Chargee with certified copies of every such insurance policy naming the Chargee as loss payee and, not less than 15 days before any policy expires, evidence of its renewal. If any loss or damage occurs the Chargor will immediately, at its expense, do everything necessary to enable the Chargee to obtain the insurance proceeds. These proceeds may, at the option of the Chargee, be applied in whole or in part to repair the damage, be paid to the Chargor, or be applied to reduce any part of the Indebtedness whether or not yet due, in which latter case, to the extent permissible by Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment at such time. The obligation to insure the entire structure of which the Property forms part may be performed by the strata/condominium corporation and the proceeds of such insurance may be payable in the accordance with the Constituting Documents related thereto. Upon the occurrence of loss or damage, the Chargor will fully comply with the terms of all insurance policies and with the insurance provisions of such Constituting Documents.

Notices and Other Documents. At the request of the Chargee, the Chargor will give the Chargee copies of all notices, financial statements and other documents given by the strata/condominium corporation to the Chargor.

Chargee May Require Payment. At the option of the Chargee, and subject to compliance with Applicable Laws, there is a Default if:

(a) governance of the property of the strata/condominium corporation under the Constituting Documents is terminated or wound up;

(b) a vote of the strata/condominium owners authorizes the sale of the property of the strata/condominium corporation or of a material part of its common property (or common elements);

(c) the strata/condominium corporation fails to comply with Applicable Laws or the Constituting Documents;

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(d) the strata/condominium corporation fails to insure the strata/condominium units and common property (or common elements) against destruction or damage by fire and other perils usually insured against for full replacement cost; or

(e) the strata/condominium corporation fails, in opinion of the Chargee, to manage its property and assets in a careful way or to maintain its assets in good repair.

Chargee Not Responsible. Nothing done by the Chargee or its agents under this Section 25 will make the Chargee a mortgagee in possession.

26. EXPROPRIATION

Prepayment of Indebtedness. In the event of a prepayment of all or any portion of the Indebtedness as a result of an expropriation of all or part of the Property, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment of the amount prepaid at such time.

Expropriation of the Property. In the event of the expropriation of all or substantially all of the Property the Indebtedness will, at the option of the Chargee, become immediately due and payable together with any applicable prepayment charge. All amounts received by the Chargor in connection with such expropriation shall, to the extent of the Indebtedness and such prepayment charge, be paid to the Chargee and until so paid shall be deemed to be held by the Chargor in trust for the Chargee.

Partial Expropriation. In the event of the expropriation of only a portion of the Property, all amounts received by the Chargor in connection with such expropriation shall, at the option of the Chargee, be paid to the Chargee to be credited towards the Indebtedness and any applicable prepayment charge in respect of such amount. Until such amounts have been paid to the Chargee they shall be deemed to be held by the Chargor in trust for the Chargee. If the Chargee, in its sole discretion, is of the view that the remainder of the Property is inadequate security for the remainder of the Indebtedness, then the Chargee may declare all the Indebtedness together with any applicable prepayment charge immediately due and payable.

27. ADVANCES AND READVANCES UNDER CHARGE

Neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the Principal Amount intended to be secured hereby, nor shall the advance of a part of the Principal Amount bind the Chargee to advance any unadvanced portion thereof, but nevertheless the charges hereby created shall take effect forthwith upon the execution of this Charge by the Chargor. This Charge and the charges granted herein shall operate until all the Indebtedness is fully paid to the Chargee and all covenants of the Chargor herein have been performed in full, in each case in the manner contemplated herein and until the Chargee has delivered a complete discharge hereof in writing to the Chargor. This Charge shall not cease to operate although the Chargor may not be indebted to the Chargee at any time and the Chargee may accept repayment of all or a portion of the Indebtedness and may allow the Chargor to reborrow the amounts previously paid to the Chargee, and this Charge and the charges, mortgages, assignments, security interests and liens granted herein shall stand as security for all such amounts borrowed and reborrowed, whether or not the Indebtedness has at any time been reduced to zero.

28. RENEWAL AND AMENDMENT OF CHARGE

Registration of Agreements Not Required. Any agreement in writing between the Chargor and the Chargee after the date of this Charge, relating to the payment of the unpaid Indebtedness, or to the Interest Rate, or to both, or any other matter, need not be registered in any Registry Office. Such agreement shall be effective and binding on the Property and upon the Chargor, the Chargee and upon any subsequent encumbrancer or transferee of the Property to the same extent and effect as if such agreement in writing had been executed, delivered and registered in the appropriate Registry Office prior to the making of such subsequent encumbrance or transfer.

No Implied Agreement. No agreement for renewal hereof or for extension of time for payment of the Indebtedness hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the Term or of any subsequent term.

29. PRINCIPAL FAMILY RESIDENCE

Consent of Spouse. Any spouse who is signing the Charge Form consents to the granting of this Charge by the Chargor and releases to the Chargee any claim or interest that the spouse has or may have in the Property under Applicable Laws as far as such release is necessary to give effect to the Chargee's rights under this Charge.

Change in Marital Status. If the Chargor is not married at the time of execution of this Charge, but marries thereafter with the result that the Property becomes a principal family residence or if the Property becomes a principal family residence under Applicable Laws or by reason of the registration of a declaration of family residence or of a judicial award, the Chargor agrees that he will forthwith notify the Chargee of same and cause his spouse to subordinate to the rights of the Chargee all of such spouse's rights in the Property as the principal family residence, by signing a written agreement in the form required by the Chargee.

30. FEES PAYABLE BY CHARGOR

Chargee's Fees and Expenses. The Chargor shall promptly pay all lawyers' and experts' fees related to this Charge and every renewal or amendment thereof, including, without limitation, fees related to any examination of title to the Property, as well as any costs of evaluation, any survey fees and any costs pertaining to mortgage insurance and/or title insurance, if applicable. The Chargor shall also pay any costs and expenses incurred by the Chargee in responding to any court actions, directives, orders, notices or requests for information brought against the Chargee as a result of or relating to this Charge.

Chargee's Administrative Fees. The Chargor shall also pay an administration fee to the Chargee for every dishonoured cheque or preauthorized cheque debit. The fee will automatically be debited to the Chargor's Tax Account balance, or sundry account, or added to the pre-authorized cheque debit upon reissue unless a separate payment of such administration fee is received with a replacement cheque. The Chargee also reserves the right to charge reasonable fees in accordance with industry standards for other administrative services such as, but not limited to, discharges, assumptions, transfers, payment frequency changes, mortgage statements, etc. and the Chargor agrees to pay such fees. These fees may vary from time to time and will be published in the Chargee's schedule of fees, which may be obtained by the Chargor upon request.

31. INSURED INDEBTEDNESS

In the event that all or any portion of the Indebtedness is insured by a mortgage insurer in favour of the Chargee, the contractual relations between the Chargee and the mortgage insurer will be taken into account before effecting any disbursement of funds, or before acceptance of any purchaser or transferee of the Property can become valid, even if already accepted by the Chargee. If this Charge is insured by CMHC it shall be deemed to be made pursuant to the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time).

32. GENERAL CONDITIONS

Assignment. The Chargor may not assign or transfer the rights that he has or may have to any advance of the Loan without the prior written permission of the Chargee.

No Partial Discharge. The Chargor shall not be entitled to obtain a partial discharge of the Property in the event the Property is subdivided and sold notwithstanding that the Chargee has been paid the sale proceeds thereof.

Pre-Authorized Payments. The Chargor explicitly authorizes the Chargee to withdraw from any bank account in his name, details of which have been provided to the Chargee in accordance with a pre-authorized chequing plan, the sums necessary to satisfy the payments the Chargor must make by virtue of this Charge as well as the life insurance premiums related to same, if applicable.

Investment of Funds. The Chargee shall be at liberty to deposit any monies or instruments received or held by it pursuant to this Charge in a non interest bearing account or invest them, without having to comply with any legal provisions concerning the investment of the property of others, in any certificate of deposit issued by an institution chosen by the Chargee, for any term which it may choose.

Limited Responsibility of Chargee. The Chargee is only liable to the Chargor or any Guarantor for the Chargee's or its employees' wilful misconduct or gross negligence.

Right to Delegate. The Chargee shall be at liberty to delegate to any Person or Persons the exercise of its rights, actions or the performance of any covenant resulting from this agreement or law; in such case the Chargee is hereby authorized to supply such Person with any information it holds relating to the Chargor or the Property.

Power of Attorney. In consideration of the mutual promises made by the Chargee and the Chargor in this Charge, the Chargor hereby grants to the Chargee, with full power of substitution, an irrevocable power of attorney of the Chargor coupled with an interest to carry out any and all acts and to execute any and all deeds, instruments or other documents which it may deem useful in order to exercise its rights. The Chargor ratifies in advance all actions of the Chargee pursuant to such power of attorney and confirms that the Chargee is not liable for any loss sustained by the Chargor or any other Person resulting from any such action or failure to act.

Rights and Remedies. The acceptance by the Chargee, as a result of default on the part of the Chargor, of all or part of the sums to which it is entitled, or the exercise by the Chargee of any right or recourse, shall not be held to preclude it from exercising any other right or recourse; all rights and recourses accruing to the Chargee are cumulative and not alternative.

Assignment by Chargee. The Chargor and each Guarantor, if any, acknowledges that this Charge (or security certificates backed by or representing any interest in this Charge or a pool of loans which includes this Charge) may be assigned by the Chargee to a third party or may be sold or securitized into the secondary market without restriction and without notice to or consent of the Chargor or any Guarantor. The Chargor and each Guarantor hereby irrevocably consents to the release and disclosure of any financial or other information concerning the Chargor, each Guarantor, the Property and the Loan in the course of any such assignment, sale or securitization.

Notices to Chargor. Any notice to or demand upon the Chargor shall be given or made at his ordinary place of business or usual residence set out on the Charge Form or at the address of such other place of business or usual residence or electronic address of which the Chargor shall have notified the Chargee in writing.

Place of Payment. All payments must be made at the place of business of the Chargee, in lawful money of Canada at 100 University Avenue, Suite 700, North Tower, Toronto, Ontario, Canada, M5J 1V6, or at such other place as the Chargee may from time to time indicate to the Chargor.

Joint and Several. Should the Loan be granted to several parties, each of them is jointly and severally liable to the Chargee for all the Indebtedness and the performance of all the obligations under this Charge and the other Loan Documents. The same holds for all Persons who will assume the repayment of the sums due or to become due.

Severability. In the event that any provision of this Charge shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Charge shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

No Amendments and Waiver. No amendment to this Charge shall be valid or binding unless set forth in writing and agreed to by the Chargor and Chargee. No waiver of any breach of any provision of this Charge will be effective or binding unless made in writing and signed by the Chargee and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No delay or failure by the Chargee in the exercise of any right under this Charge or any other Loan Document shall operate as a waiver thereof.

Successors and Assigns. The rights hereby conferred upon the Chargee shall benefit all its successors and assigns.

References to First National Financial LP. All references to First National Financial LP in this Charge and the other Loan Documents shall mean First National Financial LP or its successors or assigns, as the case may be.

Further Assurances. The Chargor agrees to execute such further assurances of title to the Property as may be required by the Chargee and to do all things and execute such additional documents as the Chargee reasonably requires to ensure that all Indebtedness and other obligations of the Chargor to the Chargee remain secured by this Charge, that this Charge has priority over any other security interest in the Property, except as may be otherwise agreed by the Chargee, and otherwise to give full effect to the intent of this Charge.

Conflicts Between Documents. If there is a conflict or inconsistency between any provision of this Charge and any other Loan Document, the Chargee shall be entitled to choose which provision will prevail.

Interpretation. The words "hereto", "hereof", "hereby", "hereunder" and similar expressions refer to the whole of this Charge and not to any particular paragraph or portion hereof and extend to and include any and every document supplemental or ancillary hereto or in implementation hereof. Words importing the masculine gender include the feminine and neuter genders and words in the singular include the plural, and vice-versa, where the context so requires. The headings do not form part of this document and have been inserted for convenience of reference only.

33. CASH-BACK PROMOTION

If the Chargor received a cash incentive (the "**Cash-Back Amount**") to enter into the Loan (and notwithstanding that the Interest Rate hereunder may be higher as a result thereof), then the Chargor will repay to the Chargee all or part of the Cash-Back Amount based on the formula hereinafter set out if any of the following events (the "**Triggering Events**") occur prior to the expiry of the original Term of this Charge:

(a) the Chargor sells the Property, prepays all or part of the Indebtedness, early renews or refinances this Charge or arranges for the assignment of this Charge to another chargee; or

(b) the Chargee accelerates prepayment of the Indebtedness because of a default by the Chargor.

The amount that the Chargor must repay (the "**Repayment Amount**") if any Triggering Event occurs will equal:

(c) except where the Triggering Event is the prepayment of only part of the Indebtedness, the Cash-Back Amount multiplied by the portion of the Term remaining at the time of occurrence of the Triggering Event (expressed in months) divided by the original Term (expressed in months); or

(d) if the Triggering Event is the prepayment of only part of the Indebtedness, the number arrived at by using the formula in (c) above multiplied by a fraction having as its numerator the amount of the partial prepayment and as its denominator the original Principal Amount of this Charge.

The Repayment Amount shall be payable forthwith upon the occurrence of the Triggering Event and if not so paid shall be added to the Indebtedness, shall bear interest at the Interest Rate and shall be secured by this Charge.

34. GUARANTEE

The Guarantor, in consideration of the making the Loan to the Chargor and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, hereby agrees as follows:

(a) that the Guarantor with the Chargor, as principal debtor and not as surety, will well and truly pay or cause to be paid the Indebtedness to the Chargee at the times and in the manner herein provided and appointed for the payment thereof;

(b) that he unconditionally guarantees full performance and discharge by the Chargor of all the obligations of the Chargor under the provisions of this Charge at the times and in the manner herein provided;

(c) that he will indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur or be or become liable for by reason of:

  (i) the failure for any reason whatsoever of the Chargor to pay the Indebtedness or to do and perform any other act, matter or thing pursuant to the provisions of this Charge; or

  (ii) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the Indebtedness or the obtaining of performance by the Chargor or of any other Person liable hereunder of any other act, matter or thing pursuant to the provisions of this Charge,

and the foregoing indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(d) that the Chargee shall not be obliged to proceed against the Chargor or any other person liable hereunder or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor herein set out and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any debt or obligation of the Chargor or any other Person liable hereunder or the enforcement of any security for any such debt or obligation;

(e) that the Chargee may grant any extension of time for payment, increase the rate of interest payable under this Charge, renew or extend the term of this Charge, release the whole or any part of the Property or other security from this Charge or otherwise deal with the Chargor, all without in any way releasing the Guarantor from his covenant hereunder;

(f) that the Guarantor has read this Charge and the other Loan Documents and is fully aware of its terms and their terms and in particular the terms of this Section 34;

(g) that the Chargee, as it sees fit, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and all existing securities up to, and abstain from taking securities from or perfecting securities of, and may compromise, compound, and accept compositions from, and may otherwise deal with, the Chargor and all other Persons liable upon any collateral or other security which the Chargee may at any time hold, without notice to the Guarantor and without changing or in any way affecting the undertaking of the Guarantor hereunder; and

(h) that where there is more than one Guarantor, each Guarantor agrees with the Chargee to be jointly and severally responsible with all other Guarantors and the Chargor for all Indebtedness and obligations of the Chargor under this Charge and the other Loan Documents.

35. SEALED COVENANTS

Each Person signing this Charge (whether as a Chargor or a Guarantor) agrees that each promise and agreement made in this Charge shall be treated as if made by each of them respectively under seal.

36. ADDITIONAL PROVISIONS

Land Registration Reform Act. The covenants set out in Section 7(1) of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended from time to time, are excluded from this Charge; and

Ontario New Home Warranties Plan Act. If the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c. O.31, as amended from time to time, applies to the Property, the Chargor agrees to comply with its requirements and to reimburse the Chargee on demand for any costs which the Chargee incurs in complying with it or enforcing the Chargor's rights on the Chargor's behalf if the Chargor fails to do so and such costs will be added to the Indebtedness and will bear interest at the Interest Rate and shall be secured by this Charge.

DATED the 22nd day of September, 2008.

FIRST NATIONAL FINANCIAL GP CORPORATION

By:

Stephen Smith
President

"I have the authority to bind the corporation"

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200823 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200824 Cote
Filing Date Oct 7 2008 Date de Dépôt
Page 1 of/de 22 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

FILED BY: **FIRST NATIONAL FINANCIAL GP CORPORATION**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number as provided in Section 9 of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended, except to the extent that the provisions of these terms are modified by any additions, amendments or deletions provided for or stipulated in such charge, or in any schedule(s) annexed thereto.

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1. DEFINITIONS

In this set of Standard Charge Terms the following words shall have the following meanings.

"**Applicable Laws**" means all applicable federal, provincial and municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all common laws or equitable principles whether now or hereafter in force and effect.

"**Balance Due Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"**Change of Control**" has the meaning ascribed thereto in Section 15.

"**Charge**" means collectively, the Charge Form, this set of Standard Charge Terms, any Schedules attached to the Charge Form and all renewals, extensions or amendments thereof from time to time.

"**Charge Form**" means the form, stipulated by Applicable Laws, to which these Standard Charge Terms are attached or incorporated by reference or election.

"**Chargee**" means the Person or Persons named on the Charge Form as mortgagee or chargee and includes any Person to which the Chargee transfers this Charge.

"**Chargor**" means the Person or Persons named on the Charge Form as mortgagor or chargor and any successor in title to such Person or Persons with respect to the Property.

"**Commitment**" means the written agreement to make and to accept the Loan entered into between First National Financial LP as lender and the Chargor prior to the execution of this Charge and includes any written communication between the parties renewing, extending or amending the terms of the Loan or any of the Loan Documents, together with all other renewals, extensions or amendments thereof from time to time.

"**Default**" has the meaning ascribed to such term in Section 20.

"**Environmental Laws**" means all Applicable Laws relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation, clean up or any other aspect, of a Hazardous Substance.

"**Environmental Proceeding**" means any investigation, action, proceeding, conviction, fine, judgment, notice, order, claim, directive, permit, licence, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

"**First Payment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement, or if not so identified or described, the day that is one month from the Interest Adjustment Date.

"**Guarantor**" means each guarantor or co-covenantor with the Chargor described on the Charge Form or in any other Loan Document.

"**Hazardous Substance**" means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation, contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated biphenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products and hazardous wastes.

"**Indebtedness**" means the outstanding Principal Amount, interest, costs and all other amounts payable by the Chargor to the Chargee under this Charge and the other Loan Documents.

"**Interest Adjustment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"**Interest Rate**" means the interest rate as described and defined in Section 3 hereof, as such interest rate may be amended from time to time by written agreement.

"**Loan**" means the particular loan or credit facility which this Charge is intended to secure.

"**Loan Documents**" means collectively, the Commitment, this Charge and all other agreements, documents and instruments relating to the Loan as amended, supplemented and restated from time to time.

"**Monthly Instalment**" means a payment payable each month on the Payment Date in an amount calculated in accordance with this Charge.

"**Payment Date**" means that day of each and every month from and including the First Payment Date to and including the Balance Due Date which is a monthly anniversary of the Interest Adjustment Date.

"**Person**" means a natural person, corporation, partnership, limited partnership, trust, unincorporated organization or any other legally recognized entity.

"**Prime Rate**" means the annual rate of interest published from time to time by First National Financial LP as a reference rate of interest then in effect for determining interest on Canadian dollar loans made in Canada.

"**Principal Amount**" means the principal amount of the Loan in lawful money of Canada set out on the Charge Form.

"**Property**" means the real property legally described on the Charge Form or in a Schedule to the Charge Form, if required, and includes all buildings, structures and improvements now or hereafter brought or erected thereon and all fixtures, rents and other appurtenances thereto. In the case of a strata lot or condominium, "Property" shall also include the Chargor's interest in the common elements and any other interests of the Chargor in the assets of the strata corporation or condominium corporation.

"**Receiver**" means a receiver, a manager, a receiver and manager or other similar Person appointed in regard to the Property and the rents and profits of and from such Property, which receiver may be an officer or officers or an employee or employees of the Chargee.

"**Registry Office**" means the appropriate registry of deeds, land titles or other land registration office from time to time established under Applicable Laws for the registration, filing or similar recording of this Charge.

"**Schedule**" means any document or schedule (except these Standard Charge Terms) attached to and forming part of this Charge.

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"**Tax Account**" has the meaning ascribed thereto in Section 7.

"**Taxes**" means all taxes, rates and assessments payable with respect to the Property whether provincial, municipal, school, local, parliamentary or otherwise, including, without limitation, municipal and school taxes, water rates and religious assessments, general or special.

"**Term**" means the term of the Loan as set out on the Charge Form, calculated from the Interest Adjustment Date, as the same may be amended by written agreement.

2. SECURITY

Continuing Security. In return for the making of the Loan to the Chargor:

(a) the Chargor hereby grants, mortgages and charges all of his right, title, estate and interest in and to the Property to the Chargee as continuing security for the payment of the Indebtedness and performance of all obligations of the Chargor contained in this Charge and the other Loan Documents; and

(b) if the Chargor is a tenant or lessee of the Property under a lease, the Chargor hereby grants, mortgages, charges, assigns and subleases all of his right, title and interest (including any present or future option or right of first refusal or right to renew or extend any term of the Chargor's lease) in and to the Property and to the lease, for the unexpired residue of the term of the lease, including any renewals or extensions of the term (excepting always, in all cases, the last day of such original or renewed or extended term).

Subsequent Interests. By this Charge, the Chargor grants and mortgages any additional or greater interest in the Property that the Chargor may later acquire.

No Discharge of other Loan Documents. By entering into this Charge, the Chargor and Chargee do not intend that any other Loan Document is to be extinguished, superceded or discharged.

No Prejudice to Other Security. The Chargee may take guarantees and other security from other Persons, or grant time, renewals, extensions, indulgences, releases and discharges to the Chargor and other Persons, relating to the Indebtedness or the obligations secured by this Charge, without prejudicing or diminishing any of the rights and remedies of the Chargee under this Charge or the other Loan Documents.

Discharge. Upon the total repayment of all Indebtedness under this Charge, the Chargee shall have a reasonable period of time of at least 6 weeks, or such shorter period as required under Applicable Laws, to cause the preparation and delivery of the discharge of this Charge.

3. INTEREST RATE AND MONTHLY INSTALMENTS

Interest Chargeable. Interest is chargeable on and forms part of the Indebtedness and is payable by the Chargor at the Interest Rate, calculated semi-annually and not in advance, in accordance with the terms of this Charge and the other Loan Documents.

Determination of Interest Rate. The Indebtedness shall bear interest at a rate which will vary during the Term, without notice to the Chargor, in tandem with variances in the Prime Rate and will always be the rate which is, in any month, a rate of interest per annum calculated semi-annually, not in advance, determined for such month as a rate equal to the Prime Rate at the close of business on the first day of such month, plus or minus such percentage, if any, as may be indicated on the Charge Form (the "**Interest Rate**"). The Interest Rate will be adjusted once per month on the first day of each and every month during the Term and will remain in effect for the entire month.

Monthly Instalments. The Monthly Instalment shall consist of blended principal and interest in an amount designed to effect payment in full of the Loan by the end of the amortization period thereof. When the Interest Rate changes, the amount of the Monthly Instalment shall be recalculated by the Chargee, so that the then outstanding Principal Amount shall be repaid over the remainder of the amortization period of the Loan. The remainder of the amortization period shall be equal to the original amortization period less the number of months that have elapsed since the Interest Adjustment Date.

Notice of Change in the Interest Rate. Within a reasonable time after each change in the Interest Rate, the Chargee will mail to the Chargor, at the last known address in the Chargee's records, a notice of the changed Interest Rate and the amount of the new Monthly Instalment. The Interest Rate will still vary and the Monthly Instalment change even if the Chargee fails to send such notice or the Chargor fails to receive it.

Calculation of Interest.

(a) Interest shall be payable on the Indebtedness both before and after default, maturity, acceleration and judgment until the Indebtedness has been repaid in full.

(b) In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgment, shall bear interest at the Interest Rate. If the interest and compound interest are not paid within six (6) months from the time of default, a rest shall be made and compound interest at the Interest Rate shall be payable on the aggregate amount then due as well after as before maturity and so on from time to time, and all such interest and compound interest shall form part of the Indebtedness and be secured by this Charge.

Maximum Rate of Interest. If the Interest Rate exceeds the maximum rate permitted under Applicable Laws, then, notwithstanding the terms of any Loan Document, the Interest Rate shall be deemed to be such maximum rate.

4. REPAYMENT OF THE LOAN

Repayment of Indebtedness. The Chargor will pay to the Chargee all Indebtedness secured hereby in the manner provided in this Charge and the other Loan Documents, without any deduction, abatement, counterclaim or set-off (legal or equitable) of any kind whatsoever and shall do, observe, perform and fulfill all the provisions, covenants, agreements and stipulations contained in this Charge and the other Loan Documents.

Monthly Instalments. From and after the Interest Adjustment Date, the Chargor shall pay the Chargee the Principal Amount together with all interest thereon at the Interest Rate calculated semi-annually and not in advance and computed from the Interest Adjustment Date, in Monthly Instalments calculated in accordance with Section 3 above commencing on the First Payment Date and thereafter on each Payment Date to and including the Balance Due Date, at which time the balance of the Principal Amount, if any, and the interest thereon shall become due and be paid.

Interest Payable Prior to Interest Adjustment Date. The Chargor shall pay simple interest on advances, if any, computed from the respective dates of such advances up to the Interest Adjustment Date at the Interest Rate but calculated daily rather than semi-annually. Such payments of interest shall be made on the first day of each and every month commencing with the month next following the month in which the first advance is made and continuing to and including the Interest Adjustment Date.

Timing of Receipt of Payments. All payments received by the Chargee from the Chargor or any other Person after 3 p.m. (Eastern Standard Time) or on a Saturday, Sunday or statutory holiday will be deemed to be received on the next business day.

5. APPLICATION OF MONTHLY INSTALMENTS

Application of Monthly Instalments. Each Monthly Instalment will be applied first, to pay or reduce interest calculated as provided above on the Principal Amount from time to time outstanding and the balance shall then be applied to reduce the Principal Amount. However, if the Chargor is in default under this Charge or any other Loan Document, the Chargee shall be entitled to apply the Monthly Instalments or any other money received by the Chargee on account of the Indebtedness towards any part or parts of the Indebtedness at the Chargee's discretion.

Annual Mortgage Statement. Each year the Chargor will receive from the Chargee an annual mortgage statement that will show the total amount of the Monthly Instalments that have been applied as aforesaid in the previous year.

6. REPRESENTATIONS AND WARRANTIES

The Chargor represents and warrants to the Chargee:

(a) that the Property is free of all Taxes, same having been paid to date without subrogation in favour of any party;

(b) that all the structures and improvements are erected entirely on the Property and that there are no structures or improvements encroaching over the Property's boundaries from neighbouring lands;

(c) that unless the Charge indicates that he is the tenant or lessee of the Property, the Chargor is the absolute freehold owner of the Property with good title thereto and that there are no charges, mortgages, liens or other encumbrances, other than those hereby created, affecting the Property except for any liens and encumbrances that are registered against title to the Property in the applicable Registry Office at the time the Chargor signed this Charge; and

(d) that the Chargor has the right to grant this Charge to the Chargee.

7. TAXES

Tax Account. The Chargor shall pay all Taxes promptly when due. If required by the Chargee, the Chargor will pay to the Chargee monthly, an amount which, in the opinion of the Chargee, is sufficient to enable the Chargee to pay the annual Taxes on behalf of the Chargor by the date the first instalment of Taxes for each year becomes due, based on the estimated annual Taxes and subject to adjustment based on Taxes actually levied. Such funds, when received by the Chargee, are herein referred to as the "**Tax Account**". The Chargee may, at its option, withhold a sufficient amount from the advance of the Loan to accumulate sufficient funds in the Tax Account to enable the foregoing. If at any time the amount in the Tax Account is not sufficient to pay all Taxes when due the Chargor shall promptly make up the difference on demand. The Chargee shall be under no obligation to pay any Taxes or instalments thereof and will not be liable for any damages or penalties that might result from its failure to do so. It is the responsibility of the Chargor to assure himself of the payment of Taxes by either himself or the Chargee. The Chargee shall not be deemed a trustee for the Chargor in respect of the Tax Account. If the Chargor is in default of its obligations hereunder, the Chargee has the right to use the Tax Account to repay all or any portion of the Indebtedness.

Administration by Chargee. Where the Chargee administers a Tax Account on behalf of the Chargor:

(a) the Chargee shall allow the Chargor interest at not less than the prevailing rate published by the Royal Bank of Canada on personal savings deposits with chequing privileges on the minimum monthly balances standing in the Tax Account from time to time to the credit of the Chargor for payment of Taxes, such interest to be credited monthly to the Tax Account; and

(b) the Chargor shall be charged interest at the rate of 2% above the Prime Rate on debit balances, if any, outstanding in the Tax Account after payment of Taxes by the Chargee, until such debit balance is fully repaid.

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8. INSURANCE

Property Insurance. To secure the repayment of the Indebtedness, the Chargor shall have all the buildings and other constructions now or hereafter erected upon the Property (hereinafter in this Section collectively referred to as the "**buildings**") insured at their full replacement cost against loss or damage caused by fire and such other perils as are covered by standard extended coverage, both during and after construction, until such time as the Chargee is fully repaid all Indebtedness. If the Chargee so requires, the Chargor shall be further insured during said period against the risks of vandalism, floods, boiler explosions and any other risks designated by the Chargee from time to time, as well as against civil liability. If the Property generates rentals or revenues, the Chargor shall also maintain rental insurance in an amount equal to at least 12 months rental income. Prior to any disbursements whatsoever, the Chargor shall deliver to the Chargee certificates evidencing such insurance and if required by the Chargee, certified copies of the policies, and at least fifteen (15) days prior to their expiry he shall deliver proof of new policies or renewal of the existing policies. If said expiry results from the cancellation of said policies, the time allowed will be only five (5) days. The Chargee may, if it so desires, retain all said policies in its possession. In any event, the insurer, and the terms of the insurance policies and their renewals, including the amount of any deductibles, shall be approved by the Chargee and the policies shall include the mortgage clauses approved by the Insurance Bureau of Canada confirming that loss proceeds are payable to the Chargee and that the Chargee has the right to receive and to have a lien on the loss proceeds in accordance with its priority established under this Charge. The Chargor hereby assigns to the Chargee all amounts payable under any of these policies. All such policies shall contain an undertaking by the insurer to notify the Chargee in writing of any material change in, cancellation of, failure to renew or termination of such policy at least fifteen (15) days prior thereto. The insurance policies shall not contain a co-insurance clause. Upon the failure of the Chargor to fulfil these insurance obligations, the Chargee may, without prejudice to its other recourses and without notice or demand, effect such insurance contracts as it deems appropriate at the cost of the Chargor to be paid forthwith by the Chargor, failing which it shall be added to the Indebtedness and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. In the event of loss or damage to the buildings, the Chargor shall promptly notify the Chargee and provide the Chargee with a copy of the detailed statement of damages as well as evidence that said statement has been sent to each of the insurers. The Chargor shall allow the Chargee to inspect the buildings. The Chargee may receive the insurance proceeds without the intervention or consent of the Chargor.

Insurance Proceeds. The Chargor shall remit to the Chargee forthwith any amount received by him from an insurer pursuant to an insurance contract described in this Section 8, up to the amount of the Indebtedness. The Chargee will have the right, at its sole discretion, to apply any proceeds of insurance wholly or in part to the following purposes:

(a) to pay wholly or in part Taxes or any other indebtedness secured by charges or other encumbrances which have priority over the Indebtedness or this Charge; and/or

(b) to reconstruct or repair the damaged buildings and pay for the work and materials relative thereto; and/or

(c) to pay wholly or in part the Indebtedness secured hereby, whether or not then due including any amount the Chargor would have been required to pay upon a prepayment of the Indebtedness on such date in accordance with the terms of this Charge.

Chargee to Consent to Repair. No construction or repair work may be undertaken without the prior written consent of the Chargee. It is clearly understood, however, that by consenting to the Chargor effecting any reconstruction or repair the Chargee is in no way obligated to pay the costs thereof nor prevented from using all or part of said proceeds to pay the Indebtedness or any part thereof or to pay any other party whose security interest ranks prior to its own. The Chargee may, at its option, undertake any such reconstruction or repair of the damaged buildings. Any proceeds applied to pay all or any part of the Indebtedness shall only be regarded as being so applied when the Chargee has decided to so apply them.

9. MAINTENANCE AND REPAIR

The Chargor shall maintain the Property in a good state of maintenance and repair as would a prudent owner, and in compliance with all Applicable Laws. The Chargor may not alter or demolish or allow any other party to alter or demolish the Property without the prior written consent of the Chargee. The Chargee or any Person designated by the Chargee shall be at liberty to inspect the interior or the exterior of the Property and/or to conduct a site assessment or investigation to determine if there has been a breach of any Applicable Laws, including, without limitation, any Applicable Laws concerning environmental protection. The Chargor shall pay the cost of any such inspection or site assessment to the Chargee promptly upon demand, failing which it shall be added to the Principal Amount and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. The exercise of any of the powers enumerated in this clause shall not result in the Chargee or any designee conducting such inspection, assessment or investigation being deemed to be in possession, management or control of the Property.

10. COMPLIANCE WITH APPLICABLE LAWS

The Chargor shall comply with all Applicable Laws that apply to the Property or the use or occupation thereof, including, without limitation, those relating to zoning, land use, health, safety and environmental protection. The Chargor shall not, and shall not permit any lessee of the Property, to engage in any criminal activity on the Property including, without limitation, the cultivation or processing of marijuana or any other controlled substance.

11. USE OF PROPERTY

The Chargor shall not change or permit any change in the use of the Property nor will the Chargor request or support any rezoning of the Property (or any portion thereof) without the prior written consent of the Chargee.

12. FIXTURES

The Chargor covenants and agrees with the Chargee that all erections and improvements fixed or otherwise now on or in future put upon the Property which are the property of the Chargor, including, without limitation, all fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, dishwashers, washing machines, dryers, and all apparatus and equipment appurtenant to any of the forgoing are and shall be, in addition to other fixtures thereon, fixtures and form part of the Property and shall be a portion of the security for the Indebtedness. The Chargor hereby charges and grants to the Chargee a security interest in all of the Chargor's right, title and interest in and to all such items as additional security for repayment of the Indebtedness.

13. OTHER ENCUMBRANCES

The Chargor shall maintain the Property free and clear of and from any claim, charge, mortgage, lien or other encumbrance ranking prior to the charge created herein and shall cause the removal of any such prior claim or charge within ten (10) days of its creation, unless the Chargor, in good faith, contests its validity or the amount of the claim from which it results, after having given prior notice to the Chargee of his intention to such effect, and has deposited with the Chargee an amount in lawful money of Canada which shall be sufficient to guarantee all losses which the Chargee may suffer by reason of such claim, charge, mortgage, lien or encumbrance. The Chargor shall not grant any rights in the Property without the prior consent in writing of the Chargee and shall maintain all Property free and clear of any claims, charges, encumbrances or rights other than those that are created under this Charge.

14. CHARGEE'S RIGHT TO PERFORM

The Chargee may perform any obligation of the Chargor hereunder or under any other Loan Document which the Chargor fails to perform including without limitation, payment of all premiums of insurance and all Taxes, utility and heating charges and rents which shall from time to time fall due and be unpaid in respect of the Property, and may satisfy any lien, encumbrance, claim or other charge now or hereafter existing upon the Property. All amounts expended by the

Chargee in so doing shall be added to the Indebtedness, shall be secured by this Charge and shall be payable forthwith by the Chargor to the Chargee and shall bear interest from the date so paid by the Chargee at the Interest Rate until repaid.

15. ASSUMPTION OF CHARGE

Requirements for Assumption. The Chargee shall allow a purchaser of the Property to assume the Charge from the current Chargor provided the purchaser completes a new mortgage loan application, is approved by the Chargee in accordance with its then current underwriting practices and executes an assumption agreement in form and substance satisfactory to the Chargee.

Indebtedness May Become Due. Provided that in the event of:

(a) the Chargor selling, conveying, transferring or entering into any agreement to sell or transfer the title of the Property to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) such purchaser, grantee or transferee failing to:

  (i) apply for and receive the Chargee's written approval as aforesaid,

  (ii) personally assume all the obligations of the Chargor under this Charge, and

  (iii) execute an assumption agreement in the form required by the Chargee; or

(c) in the case of a corporate Chargor, the occurrence of a change of control (within the meaning given to such term in the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended from time to time) (a "**Change of Control**") of the Chargor not approved in writing by the Chargee,

then, at the option of the Chargee, the Indebtedness, together with the amount required to be paid on a prepayment of the Charge on such date pursuant to the terms of this Charge, shall forthwith become due and payable.

16. NO RELEASE

Notwithstanding that the Chargee may have approved any purchaser, grantee or transferee and that such Person may have executed an assumption agreement, or that the Chargor transfers or otherwise conveys or purports to transfer or otherwise convey the Property or any interest therein, the Chargor shall not thereby be released from his obligations under this Charge and the Loan Documents unless the Chargee has so released the Chargor in writing or the Chargor is otherwise released pursuant to Applicable Laws.

17. PORTABILITY OF CHARGE

All amounts outstanding under this Charge may be secured by a charge on replacement property of at least equal value (the "**Replacement Property**") on the same terms and conditions as contained in this Charge, provided the following conditions are met:

(a) the Chargor is not in default under this Charge;

(b) the Replacement Property is a single family dwelling which the Chargor will occupy;

(c) the Chargor completes a new mortgage loan application for the Replacement Property for an amount not less than the then outstanding Principal Amount of this Charge;

(d) the new loan application is approved by the Chargee in its sole discretion;

(e) the new charge is registered as a first charge against the title to the Replacement Property and all searches, opinions and clearances required by the Chargee are obtained and, if so required by the Chargee, title insurance is in place;

(f) the term of the new charge shall expire on the maturity date of this Charge;

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(g) the new charge shall incorporate all terms and conditions then contained in the Chargee's standard charge and other documentation in use at that time; and

(h) the Chargor will pay all costs, charges and expenses of and incidental to the approval, taking, preparation, execution and registration of the new charge and discharge of this Charge, or, if applicable, an amending agreement, including, without limitation, any application and appraisal fees, solicitor's fees, surveyor's fees and, if applicable, mortgage insurance and title insurance premiums.

18. LEASES AND RENTALS

Where the Property generates rentals or revenues the following provisions shall apply.

(a) As general and continuing security for repayment of the Indebtedness, the Chargor hereby assigns, transfers and sets over to the Chargee, as and by way of a fixed and specific assignment and security interest, all legal and beneficial right, title and interest of the Chargor in and to (i) all present and future leases, offers to lease, subleases, licences and other agreements affecting the use, enjoyment and/or occupancy of the Property or any part thereof and all related guarantees, indemnities and security deposits, and (ii) any and all rents, revenues and receipts of any kind from the Property now or hereafter due and payable, with full benefit and advantage thereof, including the benefit of all covenants and agreements contained in the leases and full power and authority to demand, collect, sue for, recover, receive and give receipts for the rents in the name of the Chargor or owner from time to time of the Property or in the name of the Chargee, in the Chargee's sole discretion.

(b) Upon request by the Chargee, the Chargor shall provide to the Chargee, (i) a list containing the name of all tenants, and details as to their leases; (ii) a copy (or the original, when requested by the Chargee) of all leases, present and future, relating to the Property and any document and any useful information in connection therewith; and (iii) a written acknowledgment by the tenants, present and future, of the charge on rentals hereby created in the form required by the Chargee.

(c) The Chargee may require that all leases be subject to its approval, that they be subordinated to its rights herein and that the Chargor provide it on a yearly basis with a statement of revenues and expenditures concerning the Property. All leases shall be on market terms and conditions.

(d) The Chargee hereby authorizes the Chargor to collect all rents; however, the Chargor shall not collect more than one month's rent in advance nor shall he grant more than one month's free rent. Such authorization may be revoked at any time by the Chargee and in such case, the Chargee shall be at liberty to exercise as it may deem appropriate, to the exclusion of the Chargor, all rights of the Chargor in order to maintain, renew, grant, modify or terminate any lease, and to collect rentals and revenues from the Property including, without limitation, the bringing of an action for recovery of rentals; provided however, that the Chargee shall be under no obligation to exercise such right and shall not be liable for any loss or damage which may result from its failure to collect such rentals.

(e) With respect to leases of the Property, the Chargor hereby represents and warrants that the rents payable under same are legal, that no proceedings exist which could result in a decrease in the legal rents chargeable, that no orders exist prohibiting rent increases and that no work orders exist which could result in the issuance of an order prohibiting rent increases.

(f) The Chargor hereby agrees to indemnify and save the Chargee harmless from any and all demands, claims, damages, actions, proceedings, lawsuits, costs, expenses or payments which the Chargee may sustain or incur by reason of the Chargor's failure to charge legal rents or by reason of successful reduction claims by any tenant under any lease in the building on the Property or by any former tenant of the building. The Chargor agrees that all rents charged with respect to the Property or any part thereof will be lawful rents pursuant to any applicable legislation from time to time respecting residential housing and further agrees that he will file all items required to be filed by such legislation in a timely, accurate and complete way. All amounts so indemnified will be payable forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date of the expenditure until paid in full and shall be secured by this Charge. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

19. ENVIRONMENTAL MATTERS

Chargor to Indemnify. The Chargor shall indemnify and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs and expenses (including legal fees) (collectively "**Environmental Claims**") occurring, imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not caused by the Chargor or within its control: (a) any actual or alleged breach of Environmental Laws relating to or affecting the Property; (b) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom; (c) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, and (d) any assessment, investigation, containment, monitoring, remediation and/or removal of any Hazardous Substances from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

Amounts Relating to Environmental Claims. All amounts expended by the Chargee in connection with any such Environmental Claims shall be payable by the Chargor forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date expended until paid in full and shall be secured by this Charge.

20. EVENTS OF DEFAULT

The Chargor shall be in default (a "**Default**") under this Charge in each of the following events:

(a) the Chargor fails to pay any monies payable under this Charge or under any other Loan Document when due;

(b) the Chargor fails to perform any of its covenants or obligations under this Charge or under any other Loan Document;

(c) the Chargor fails to comply with any other term or condition of this Charge or any other Loan Document;

(d) any of the representations, statements, certifications or declarations of the Chargor, whether contained in this Charge or any other Loan Document, is found to be untrue or misleading;

(e) if any other mortgage or any lien, charge or other encumbrance is registered against title to the Property or if the Chargee receives written notice of any lien that is created as a result of unpaid property taxes, unpaid strata or condominium fees, judgments, construction liens, builders' liens or similar encumbrances;

(f) the Chargor becomes insolvent or becomes subject to any insolvency, bankruptcy, reorganization, arrangement, compromise of debts or similar proceedings affecting the rights of any creditor, or a petition in bankruptcy is taken against the Chargor, or a receiver or an administrator takes possession of his property, or a resolution is adopted with respect to the liquidation of his property;

(g) in the case of a corporate Chargor, it fails to remain in good standing with government authorities having jurisdiction over it or if the corporation loses any of its rights or attributes as a corporation;

(h) in the case of a corporate Chargor, there is a Change of Control of the Chargor without the prior written consent of the Chargee;

(i) any activity which violates the *Criminal Code*, R.S.C. 1985, c. C-46 (as amended from time to time) or any other law or regulation of any authority having jurisdiction is conducted on the Property;

(j) if the Loan is insured, whether under the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time) or by any other insurer, any requirement of such insurance has not been complied with by the Chargor;

(k) if the Property is under construction, the construction works are halted for a continuous period exceeding ten (10) days, for reasons other than a fortuitous event or force majeure or construction holidays;

(l) if a default occurs under any other mortgage or any lien, charge or encumbrance affecting the Property or any part of it including without limitation, any of the foregoing which has priority over this Charge and whether or not the Chargee has agreed to such priority;

(m) the Property is subject to foreclosure proceedings, judicial sale, or otherwise seized by another mortgagee, encumbrancer, writ holder, receiver or any agent of the any of the foregoing or any other Person performing similar functions; or

(n) an event occurs which is stated to be a Default under Section 25 of this Charge.

21. CHARGEE'S REMEDIES UPON DEFAULT

Chargee's Rights on Default. If a Default occurs, the Chargee shall have no obligation to make any further advances and may, at its option, do any one or more of the following:

(a) demand immediate repayment of the Indebtedness, in which case all Indebtedness will become immediately due and payable and, to the extent permissible under Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to prepay the Indebtedness at such time;

(b) subject to Applicable Laws, take such action as is necessary or desirable to collect the Indebtedness or any portion thereof;

(c) enter upon and take possession of the Property and any personal property thereon;

(d) make any arrangements the Chargee considers necessary or advantageous to inspect, lease, collect rents or manage the Property, complete construction of any building on the Property or repair any building on the Property;

(e) take proceedings in court or otherwise as may be permitted by Applicable Laws to sell the Property or any part thereof or, if the Property is a leasehold interest, to sell the unexpired term of years demised by the lease with respect to the whole or any part of the leasehold interest in the Property, by public auction or private sale and on such terms as the Chargee considers most advantageous, including selling the Property or unexpired term of the lease for cash or credit or any combination of the two:

    (i) on thirty-five days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

    (ii) without notice to the Chargor if the Default has continued for sixty days or more (if and to the extent permitted by Applicable Laws).

(f) lease the Property on such terms as the Chargee considers most advantageous:

    (i) on fifteen days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

    (ii) without notice to the Chargor if the Default has continued for thirty days or more (if and to the extent permitted by Applicable Laws).

(g) apply to a Court for an order that the Property be sold on terms approved by the Court;

(h) apply to a Court to foreclose the Chargor's interest in the Property so that when the Court makes its final order of foreclosure, the Chargor's interest in the Property will be absolutely vested in and belong to the Chargee;

(i) apply to the Court to have a Receiver appointed with respect to the Property or appoint a Receiver of the Property under this Charge;

(j) with respect to personal property charged by this Charge, exercise any or all of the rights and remedies granted to secured parties under applicable personal property security legislation and any other applicable statute, or otherwise available to the Chargee at law or in equity; and

(k) take any other action and exercise any other remedies which are described elsewhere in this Charge or the other Loan Documents or which are available to the Chargee under Applicable Laws upon a default by the Chargor.

Additional Payments. Where a prepayment or redemption takes place following a Default hereunder by the Chargor, there shall, coincident therewith, be due and owing to the Chargee, to the extent permissible under Applicable Laws, any amount which would have been payable by the Chargor had he elected to prepay the Indebtedness pursuant to the prepayment provisions set out in this Charge at the time of such prepayment or redemption.

Payment of Chargee's Costs When Default is Remedied. If the Chargor avails himself of the right to remedy any Default, he shall pay all costs then incurred by the Chargee, and such costs shall include, without limitation, all administrative costs incurred by the Chargee by reason of the Default and all legal fees (determined on a solicitor and client full indemnity basis) and fees paid to experts.

Chargee's Rights to Administer and Manage Property. If the Chargee elects to take possession of the Property, it shall be at liberty to administer and manage it and hire a manager or caretaker, use all means at its disposal in order to enter into the Property with or without a locksmith, contract or renew leases or terminate them, in the name of the Chargor, for the amounts and upon terms and conditions, including, without limitation, the payment of tenant inducements, which the Chargee shall consider appropriate, maintain the Property in good condition, carry out repairs and renovations and undertake or complete any work, all at the Chargor's expense. The Chargor agrees that he will not interfere with the Chargee's or any Receiver's possession of the Property.

Accounting for Monies Received. The Chargee shall only be required to account to the Chargor for any monies actually received by the Chargee in connection with the Property.

Payment of Chargee's Costs and Expenses. To the maximum extent permitted by Applicable Laws, all sums disbursed by the Chargee in enforcing any of its remedies or in connection with the protection, enforcement or realization of its security, including, without limitation, legal fees, realtor's fees, fees incurred in relation to any inspection or valuation of the Property, protective disbursements, fees and expenses incurred in connection with taking such steps as are deemed necessary by the Chargee to protect its interests in proceedings commenced by other Persons in relation to the Property and any sums expended in connection with actions taken under Section 21 hereof, shall be repayable by the Chargor on demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date funds were expended by the Chargee and shall be secured by this Charge.

22. JUDGMENTS AND DEFICIENCY

Chargee's Rights After Judgment. If a judgment is obtained from a Court concerning some or all of the Indebtedness or obligations, the remaining Indebtedness or obligations will not be extinguished, superceded or discharged nor will the Chargee be prevented from exercising any of its remaining rights under this Charge, any other Loan Document or under Applicable Laws.

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Deficiency After Sale. To the maximum extent permitted by Applicable Laws, the Chargor shall remain responsible for payment to the Chargee of all of the Indebtedness, notwithstanding that the Chargee may have exercised one or more of its remedies under this Charge including, without limitation, sale of the Property.

23. APPOINTMENT OF RECEIVER

Appointment of Receiver. Upon Default, the Chargee or the Chargee as agent or attorney for the Chargor (with such appointment not being revocable by the Chargor), with or without entering into possession of the Property or any part thereof, may appoint in writing a Receiver and may remove any such Receiver and appoint a new Receiver in the place and stead of any previously appointed Receiver.

Powers of Receiver. Subject to Applicable Laws, the Receiver:

(a) will be deemed to be the Chargor's irrevocable agent or attorney, vested with all rights, powers and discretions of the Chargor, and the Chargor will be solely responsible for the Receiver's acts or omissions and for the Receiver's remuneration and expenses;

(b) has power, in the Chargor's name or in the name of the Chargee, to take possession of the Property, to demand, recover and receive income from the Property and to start and carry on any action or court proceeding to collect that income;

(c) may lease or sublease the Property or any part of it on terms and conditions that the Receiver chooses, including without limitation, the payment of tenant inducements, and for that purpose execute contracts in the name of the Chargor, which contracts will be binding on the Chargor;

(d) may make arrangements for the completion of the construction of or repair any improvement on the Property, notwithstanding that the resulting cost may exceed the Principal Amount;

(e) may manage the Property and maintain it in good condition;

(f) has the power to perform, in whole or in part, the Chargor's duties under the terms of the Loan Documents;

(g) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Property or will increase or preserve the value or income potential of the Property; and

(h) has the power to exercise any of the Chargee's rights and remedies referred to in Section 21 hereof.

Use of Income by Receiver. Neither the Receiver nor the Chargee shall be liable to the Chargor to account for monies other than monies actually received by it, in respect of the Property. From income received from the Property, the Receiver may, subject to Applicable Laws, in any order the Receiver chooses, (i) retain enough money to pay or recover the cost to collect the income and to cover other disbursements; (ii) retain its commission, fees and disbursements as receiver; (iii) pay all Taxes and the cost of maintaining the Property in good repair, completing the construction of any building or improvement on the Property, supplying goods, utilities and services to the Property, insuring the Property and taking steps to preserve the Property from damage by weather, vandalism or any other cause; (iv) pay any money for matters required to be paid by the Receiver under Applicable Laws, or that might, if not paid, result in a default under any charge or encumbrance having priority over this Charge or that might result in the sale of the Property if not paid; (v) pay taxes in connection with anything the Receiver is entitled to do under this Charge; (vi) pay all or part of the Indebtedness to the Chargee whether or not it is due and payable; and (vii) pay any other money owed by the Chargor under this Charge and the other Loan Documents.

Receiver May Borrow. The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do. Any money borrowed by the Receiver from the Chargee and any interest charged on that money and all the costs of borrowing will form part of the Indebtedness and will bear interest at the interest rate and shall be paid with the frequency provided under the applicable terms under which such money was borrowed.

Receiver's Costs and Expenses. The fees and disbursements of the Receiver, if paid by the Chargee, shall form part of the Indebtedness and will bear interest at the Interest Rate from the date paid by the Chargee and shall be secured by this Charge.

Chargee Not Responsible. Nothing done by the Receiver under this Section 23 shall render the Chargee a mortgagee in possession, and the Chargor hereby releases and discharges the Chargee and every Receiver and each of their respective successors and assigns from every claim of every nature, whether for damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any Person claiming through or under the Chargor by reason or as a result of anything done by the Chargee or any Receiver under the provisions of this Charge. The Chargor hereby agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this Charge and agrees that neither the Receiver, the Chargee nor their respective successors and assigns will be liable for any loss sustained by the Chargor or any other Person from such actions or failure to act.

24. LEASEHOLD PROVISIONS

This Section 24 applies if the Chargor is a tenant or lessee of the Property.

Definition. For the purposes of this Section 24, "Lease" means a lease or a sublease pursuant to which the Chargor has a leasehold interest in the Property.

Representations. The Chargor represents that:

(a) the Property is leased to him under a valid Lease (a copy of which has been provided to the Chargee);

(b) that the Chargor has a good leasehold title to the Property free and clear of all mortgages, liens, charges and encumbrances other than liens registered against the leasehold title to the Property in the applicable Registry Office at the time the Chargor signed this Charge;

(c) all rents and other moneys payable under the Lease have been paid and the Chargor has complied with all of his obligations set out in the Lease, in both cases up to the date the Chargor signed this Charge; and

(d) the Chargor has the right to charge and sublet the leasehold title to the Property to the Chargee as set out in this Charge and, if required, has obtained the lessor's unconditional consent to this Charge (or if such consent has been issued under conditions, the Chargee has agreed to same, in writing) and any such consent is in writing and has been provided to the Chargee.

Covenants. The Chargor also covenants and agrees as follows:

(a) that the Lease will at all times while this Charge is not discharged, be a valid lease in full force and effect;

(b) the Chargor will not amend, surrender or modify the Lease without written consent of the Chargee and will pay the rents and other payments required by the Lease as they fall due and perform and observe the covenants and other obligations contained in the Lease on the lessee's part to be performed;

(c) the Chargor will renew the Lease when the Lease gives the Chargor that right so that the term of the Lease will continue at all times while this Charge is not discharged;

(d) the Chargor will promptly give the Chargee a copy of any notice, demand or request which the Chargor may receive relating to the Lease;

(e) the Chargor will, at his cost, upon request by the Chargee, obtain and deliver to the Chargee estoppel certificates from the lessor under the Lease in form and content satisfactory to the Chargee;

(f) the Chargor will sign any other document or take any further action as the Chargee may reasonably require, to ensure that all of the Chargor's interest in the Property and in the Lease have been fully charged to the Chargee and that the Indebtedness is adequately secured;

(g) the Chargor shall indemnify the Chargee and its successors and assigns against all actions, claims, costs (including legal costs, and on a solicitor and client full indemnity basis), demands and liabilities which the Chargee and its successors and assigns may suffer or sustain by virtue of any default by the Chargor under the Lease, and the Chargor agrees that this indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(h) the Chargor will stand possessed of the Property for the last day of the term or any renewal term granted by the Lease in trust for the Chargee;

(i) at the Chargee's request, the Chargor will transfer to the Chargee (or to any other Person to whom the Chargee transfers the Chargor's interest in the Property) the last day of the term of the Lease or of any renewal;

(j) the Chargor hereby appoints the Chargee as his attorney so that the Chargee, on his behalf and in the name of the Chargor, may assign the Lease and the last day of the term of the Lease or of any renewal and convey the Chargor's interest in the Property as the Chargee may require to perfect any transfer made under the default provisions of this Charge; and

(k) if the Chargor acquires the lessor's interest in the Property (whether by exercising any option to purchase there may be in the Lease or any renewal thereof or otherwise), this Charge will automatically extend to such interest and the Chargor agrees that at the Chargee's request the Chargor will deliver to the Chargee a new charge against such additionally acquired interest substantially on the same terms and conditions as those set forth in this Charge.

25. STRATA/CONDOMINIUM PROVISIONS

This Section 25 applies if the Property is or becomes a strata or condominium property created under Applicable Laws.

Compliance with Strata/Condominium Rules. The Chargor shall comply with all of the terms and conditions of the declaration pertaining to the Property as same may be amended from time to time (the "**Declaration**") together with all rules, regulations and by-laws relating thereto as well as all orders and resolutions passed at meetings of the strata/condominium corporation (together with the Declaration, collectively, the "**Constituting Documents**").

Expenses and Taxes. The Chargor shall pay promptly when due his share of all common expenses, levies and administrative charges in the amounts determined by the board of directors of the strata corporation or condominium corporation (hereinafter the "**strata/condominium corporation**"); if any such payments are not made when due and regardless of any other action or proceeding taken or to be taken by the strata/condominium corporation, the Chargee may make such payments on behalf of the Chargor pursuant to Section 14 hereof.

Voting Rights. The Chargor authorizes the Chargee in the Chargor's name and on the Chargor's behalf, to exercise all rights under Applicable Laws and the Constituting Documents to vote at any meeting (or to vote otherwise than at any meeting) of the strata/condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the Property or assets of the strata/condominium corporation. This authorization includes voting on or any consent to the termination of the strata/condominium corporation. Notwithstanding this authorization, the Chargee may choose not to vote or not to consent at any particular time or on any particular issue. Until the Chargee gives notice to the Chargor and/or the strata/condominium corporation that the Chargee intends to exercise its right to vote or consent, the Chargor may vote or consent. Any notice the Chargee gives may be for an indeterminate or limited period of time, or for a specific meeting or matter. The Chargee shall not be under any obligation to exercise such rights, even though notice may have been given of its intention to do so and shall not be liable to the Chargor or any other Person for the manner in which such rights are exercised or for the failure to exercise same.

Insurance.

(a) At the request of the Chargee, the Chargor shall obtain and deliver to the Chargee a certificate of insurance issued under the master insurance policy placed by the strata/condominium corporation in accordance with the terms of the Declaration and showing the Chargee as mortgagee.

(b) In addition to the insurance maintained by the strata/condominium corporation, the Chargor will insure all improvements which have been or at any future time are made to the dwelling unit charged herein and, as well, insure against such additional risks as may be required by the Chargee, will provide the Chargee with certified copies of every such insurance policy naming the Chargee as loss payee and, not less than 15 days before any policy expires, evidence of its renewal. If any loss or damage occurs the Chargor will immediately, at its expense, do everything necessary to enable the Chargee to obtain the insurance proceeds. These proceeds may, at the option of the Chargee, be applied in whole or in part to repair the damage, be paid to the Chargor, or be applied to reduce any part of the Indebtedness whether or not yet due, in which latter case, to the extent permissible by Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment at such time. The obligation to insure the entire structure of which the Property forms part may be performed by the strata/condominium corporation and the proceeds of such insurance may be payable in the accordance with the Constituting Documents related thereto. Upon the occurrence of loss or damage, the Chargor will fully comply with the terms of all insurance policies and with the insurance provisions of such Constituting Documents.

Notices and Other Documents. At the request of the Chargee, the Chargor will give the Chargee copies of all notices, financial statements and other documents given by the strata/condominium corporation to the Chargor.

Chargee May Require Payment. At the option of the Chargee, and subject to compliance with Applicable Laws, there is a Default if:

(a) governance of the property of the strata/condominium corporation under the Constituting Documents is terminated or wound up;

(b) a vote of the strata/condominium owners authorizes the sale of the property of the strata/condominium corporation or of a material part of its common property (or common elements);

(c) the strata/condominium corporation fails to comply with Applicable Laws or the Constituting Documents;

(d) the strata/condominium corporation fails to insure the strata/condominium units and common property (or common elements) against destruction or damage by fire and other perils usually insured against for full replacement cost; or

(e) the strata/condominium corporation fails, in opinion of the Chargee, to manage its property and assets in a careful way or to maintain its assets in good repair.

Chargee Not Responsible. Nothing done by the Chargee or its agents under this Section 25 will make the Chargee a mortgagee in possession.

26. EXPROPRIATION

Prepayment of Indebtedness. In the event of a prepayment of all or any portion of the Indebtedness as a result of an expropriation of all or part of the Property, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment of the amount prepaid at such time.

Expropriation of the Property. In the event of the expropriation of all or substantially all of the Property the Indebtedness will, at the option of the Chargee, become immediately due and payable together with any applicable prepayment charge. All amounts received by the Chargor in connection with such expropriation shall, to the extent of the Indebtedness and such prepayment charge, be paid to the Chargee and until so paid shall be deemed to be held by the Chargor in trust for the Chargee.

Partial Expropriation. In the event of the expropriation of only a portion of the Property, all amounts received by the Chargor in connection with such expropriation shall, at the option of the Chargee, be paid to the Chargee to be credited towards the Indebtedness and any applicable prepayment charge in respect of such amount. Until such amounts have been paid to the Chargee they shall be deemed to be held by the Chargor in trust for the Chargee. If the Chargee, in its sole discretion, is of the view that the remainder of the Property is inadequate security for the remainder of the Indebtedness, then the Chargee may declare all the Indebtedness together with any applicable prepayment charge immediately due and payable.

27. ADVANCES AND READVANCES UNDER CHARGE

Neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the Principal Amount intended to be secured hereby, nor shall the advance of a part of the Principal Amount bind the Chargee to advance any unadvanced portion thereof, but nevertheless the charges hereby created shall take effect forthwith upon the execution of this Charge by the Chargor. This Charge and the charges granted herein shall operate until all the Indebtedness is fully paid to the Chargee and all covenants of the Chargor herein have been performed in full, in each case in the manner contemplated herein and until the Chargee has delivered a complete discharge hereof in writing to the Chargor. This Charge shall not cease to operate although the Chargor may not be indebted to the Chargee at any time and the Chargee may accept repayment of all or a portion of the Indebtedness and may allow the Chargor to reborrow the amounts previously paid to the Chargee, and this Charge and the charges, mortgages, assignments, security interests and liens granted herein shall stand as security for all such amounts borrowed and reborrowed, whether or not the Indebtedness has at any time been reduced to zero.

28. RENEWAL AND AMENDMENT OF CHARGE

Registration of Agreements Not Required. Any agreement in writing between the Chargor and the Chargee after the date of this Charge, relating to the payment of the unpaid Indebtedness, or to the Interest Rate, or to both, or any other matter, need not be registered in any Registry Office. Such agreement shall be effective and binding on the Property and upon the Chargor, the Chargee and upon any subsequent encumbrancer or transferee of the Property to the same extent and effect as if such agreement in writing had been executed, delivered and registered in the appropriate Registry Office prior to the making of such subsequent encumbrance or transfer.

No Implied Agreement. No agreement for renewal hereof or for extension of time for payment of the Indebtedness hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the Term or of any subsequent term.

29. PRINCIPAL FAMILY RESIDENCE

Consent of Spouse. Any spouse who is signing the Charge Form consents to the granting of this Charge by the Chargor and releases to the Chargee any claim or interest that the spouse has or may have in the Property under Applicable Laws as far as such release is necessary to give effect to the Chargee's rights under this Charge.

Change in Marital Status. If the Chargor is not married at the time of execution of this Charge, but marries thereafter with the result that the Property becomes a principal family residence or if the Property becomes a principal family residence under Applicable Laws or by reason of the registration of a declaration of family residence or of a judicial award, the Chargor agrees that he will forthwith notify the Chargee of same and cause his spouse to subordinate to the rights of the Chargee all of such spouse's rights in the Property as the principal family residence, by signing a written agreement in the form required by the Chargee.

30. FEES PAYABLE BY CHARGOR

Chargee's Fees and Expenses. The Chargor shall promptly pay all lawyers' and experts' fees related to this Charge and every renewal or amendment thereof, including, without limitation, fees related to any examination of title to the Property, as well as any costs of evaluation, any survey fees and any costs pertaining to mortgage insurance and/or title insurance, if applicable. The Chargor shall also pay any costs and expenses incurred by the Chargee in responding to any court actions, directives, orders, notices or requests for information brought against the Chargee as a result of or relating to this Charge.

Chargee's Administrative Fees. The Chargor shall also pay an administration fee to the Chargee for every dishonoured cheque or preauthorized cheque debit. The fee will automatically be debited to the Chargor's Tax Account balance, or sundry account, or added to the pre-authorized cheque debit upon reissue unless a separate payment of such administration fee is received with a replacement cheque. The Chargee also reserves the right to charge reasonable fees in accordance with industry standards for other administrative services such as, but not limited to, discharges, assumptions, transfers, payment frequency changes, mortgage statements, etc. and the Chargor agrees to pay such fees. These fees may vary from time to time and will be published in the Chargee's schedule of fees, which may be obtained by the Chargor upon request.

31. INSURED INDEBTEDNESS

In the event that all or any portion of the Indebtedness is insured by a mortgage insurer in favour of the Chargee, the contractual relations between the Chargee and the mortgage insurer will be taken into account before effecting any disbursement of funds, or before acceptance of any purchaser or transferee of the Property can become valid, even if already accepted by the Chargee. If this Charge is insured by Canada Mortgage and Housing Corporation it shall be deemed to be made pursuant to the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time).

32. GENERAL CONDITIONS

Assignment. The Chargor may not assign or transfer the rights that he has or may have to any advance of the Loan without the prior written permission of the Chargee.

No Partial Discharge. The Chargor shall not be entitled to obtain a partial discharge of the Property in the event the Property is subdivided and sold notwithstanding that the Chargee has been paid the sale proceeds thereof.

Pre-Authorized Payments. The Chargor explicitly authorizes the Chargee to withdraw from any bank account in his name, details of which have been provided to the Chargee in accordance with a pre-authorized chequing plan, the sums necessary to satisfy the payments the Chargor must make by virtue of this Charge as well as the life insurance premiums related to same, if applicable.

Investment of Funds. The Chargee shall be at liberty to deposit any monies or instruments received or held by it pursuant to this Charge in a non interest bearing account or invest them, without having to comply with any legal provisions concerning the investment of the property of others, in any certificate of deposit issued by an institution chosen by the Chargee, for any term which it may choose.

Limited Responsibility of Chargee. The Chargee is only liable to the Chargor or any Guarantor for the Chargee's or its employees' wilful misconduct or gross negligence.

Right to Delegate. The Chargee shall be at liberty to delegate to any Person or Persons the exercise of its rights, actions or the performance of any covenant resulting from this agreement or law; in such case the Chargee is hereby authorized to supply such Person with any information it holds relating to the Chargor or the Property.

Power of Attorney. In consideration of the mutual promises made by the Chargee and the Chargor in this Charge, the Chargor hereby grants to the Chargee, with full power of substitution, an irrevocable power of attorney of the Chargor coupled with an interest to carry out any and all acts and to execute any and all deeds, instruments or other documents which it may deem useful in order to exercise its rights. The Chargor ratifies in advance all actions of the Chargee pursuant to such power of attorney and confirms that the Chargee is not liable for any loss sustained by the Chargor or any other Person resulting from any such action or failure to act.

Rights and Remedies. The acceptance by the Chargee, as a result of default on the part of the Chargor, of all or part of the sums to which it is entitled, or the exercise by the Chargee of any right or recourse, shall not be held to preclude it from exercising any other right or recourse; all rights and recourses accruing to the Chargee are cumulative and not alternative.

Assignment by Chargee. The Chargor and each Guarantor, if any, acknowledges that this Charge (or security certificates backed by or representing any interest in this Charge or a pool of loans which includes this Charge) may be assigned by the Chargee to a third party or may be sold or securitized into the secondary market without restriction and without notice to or consent of the Chargor or any Guarantor. The Chargor and each Guarantor hereby irrevocably consents to the release and disclosure of any financial or other information concerning the Chargor, each Guarantor, the Property and the Loan in the course of any such assignment, sale or securitization.

Notices to Chargor. Any notice to or demand upon the Chargor shall be given or made at his ordinary place of business or usual residence set out on the Charge Form or at the address of such other place of business or usual residence or electronic address of which the Chargor shall have notified the Chargee in writing.

Place of Payment. All payments must be made at the place of business of the Chargee, in lawful money of Canada at 100 University Avenue, Suite 700, North Tower, Toronto, Ontario, Canada, M5J 1V6, or at such other place as the Chargee may from time to time indicate to the Chargor.

Joint and Several. Should the Loan be granted to several parties, each of them is jointly and severally liable to the Chargee for all the Indebtedness and the performance of all the obligations under this Charge and the other Loan Documents. The same holds for all Persons who will assume the repayment of the sums due or to become due.

Severability. In the event that any provision of this Charge shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Charge shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

No Amendments and Waiver. No amendment to this Charge shall be valid or binding unless set forth in writing and agreed to by the Chargor and Chargee. No waiver of any breach of any provision of this Charge will be effective or binding unless made in writing and signed by the Chargee and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No delay or failure by the Chargee in the exercise of any right under this Charge or any other Loan Document shall operate as a waiver thereof.

Successors and Assigns. The rights hereby conferred upon the Chargee shall benefit all its successors and assigns.

References to First National Financial LP. All references to First National Financial LP in this Charge and the other Loan Documents shall mean First National Financial LP or its successors or assigns, as the case may be.

Further Assurances. The Chargor agrees to execute such further assurances of title to the Property as may be required by the Chargee and to do all things and execute such additional documents as the Chargee reasonably requires to ensure that all Indebtedness and other obligations of the Chargor to the Chargee remain secured by this Charge, that this Charge has priority over any other security interest in the Property, except as may be otherwise agreed by the Chargee, and otherwise to give full effect to the intent of this Charge.

Conflicts Between Documents. If there is a conflict or inconsistency between any provision of this Charge and any other Loan Document, the Chargee shall be entitled to choose which provision will prevail.

Interpretation. The words "hereto", "hereof", "hereby", "hereunder" and similar expressions refer to the whole of this Charge and not to any particular paragraph or portion hereof and extend to and include any and every document supplemental or ancillary hereto or in implementation hereof. Words importing the masculine gender include the feminine and neuter genders and words in the singular include the plural, and vice-versa, where the context so requires. The headings do not form part of this document and have been inserted for convenience of reference only.

33. CASH-BACK PROMOTION

If the Chargor received a cash incentive (the "**Cash-Back Amount**") to enter into the Loan (and notwithstanding that the Interest Rate hereunder may be higher as a result thereof), then the Chargor will repay to the Chargee all or part of the Cash-Back Amount based on the formula hereinafter set out if any of the following events (the "**Triggering Events**") occur prior to the expiry of the original Term of this Charge:

(a) the Chargor sells the Property, prepays all or part of the Indebtedness, early renews or refinances this Charge or arranges for the assignment of this Charge to another chargee; or

(b) the Chargee accelerates prepayment of the Indebtedness because of a default by the Chargor.

The amount that the Chargor must repay (the "**Repayment Amount**") if any Triggering Event occurs will equal:

(c) except where the Triggering Event is the prepayment of only part of the Indebtedness, the Cash-Back Amount multiplied by the portion of the Term remaining at the time of occurrence of the Triggering Event (expressed in months) divided by the original Term (expressed in months); or

(d) if the Triggering Event is the prepayment of only part of the Indebtedness, the number arrived at by using the formula in (c) above multiplied by a fraction having as its numerator the amount of the partial prepayment and as its denominator the original Principal Amount of this Charge.

The Repayment Amount shall be payable forthwith upon the occurrence of the Triggering Event and if not so paid shall be added to the Indebtedness, shall bear interest at the Interest Rate and shall be secured by this Charge.

34. GUARANTEE

The Guarantor, in consideration of the making the Loan to the Chargor and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, hereby agrees as follows:

(a) that the Guarantor with the Chargor, as principal debtor and not as surety, will well and truly pay or cause to be paid the Indebtedness to the Chargee at the times and in the manner herein provided and appointed for the payment thereof;

(b) that he unconditionally guarantees full performance and discharge by the Chargor of all the obligations of the Chargor under the provisions of this Charge at the times and in the manner herein provided;

(c) that he will indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur or be or become liable for by reason of:

(i) the failure for any reason whatsoever of the Chargor to pay the Indebtedness or to do and perform any other act, matter or thing pursuant to the provisions of this Charge; or

(ii) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the Indebtedness or the obtaining of performance by the Chargor or of any other Person liable hereunder of any other act, matter or thing pursuant to the provisions of this Charge,

and the foregoing indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(d) that the Chargee shall not be obliged to proceed against the Chargor or any other person liable hereunder or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor herein set out and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any debt or obligation of the Chargor or any other Person liable hereunder or the enforcement of any security for any such debt or obligation;

(e) that the Chargee may grant any extension of time for payment, increase the rate of interest payable under this Charge, renew or extend the term of this Charge, release the whole or any part of the Property or other security from this Charge or otherwise deal with the Chargor, all without in any way releasing the Guarantor from his covenant hereunder;

(f) that the Guarantor has read this Charge and the other Loan Documents and is fully aware of its terms and their terms and in particular the terms of this Section 34;

(g) that the Chargee, as it sees fit, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and all existing securities up to, and abstain from taking securities from or perfecting securities of, and may compromise, compound, and accept compositions from, and may otherwise deal with, the Chargor and all other Persons liable upon any collateral or other security which the Chargee may at any time hold, without notice to the Guarantor and without changing or in any way affecting the undertaking of the Guarantor hereunder; and

(h) that where there is more than one Guarantor, each Guarantor agrees with the Chargee to be jointly and severally responsible with all other Guarantors and the Chargor for all Indebtedness and obligations of the Chargor under this Charge and the other Loan Documents.

35. SEALED COVENANTS

Each Person signing this Charge (whether as a Chargor or a Guarantor) agrees that each promise and agreement made in this Charge shall be treated as if made by each of them respectively under seal.

36. ADDITIONAL PROVISIONS

Land Registration Reform Act. The covenants set out in Section 7(1) of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended from time to time, are excluded from this Charge; and

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200824 Code

Ontario New Home Warranties Plan Act. If the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c. O.31, as amended from time to time, applies to the Property, the Chargor agrees to comply with its requirements and to reimburse the Chargee on demand for any costs which the Chargee incurs in complying with it or enforcing the Chargor's rights on the Chargor's behalf if the Chargor fails to do so and such costs will be added to the Indebtedness and will bear interest at the Interest Rate and shall be secured by this Charge.

DATED the 22nd day of September, 2008.

FIRST NATIONAL FINANCIAL GP CORPORATION

By:

Stephen Smith
President

'I have the authority to bind the corporation'

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200824 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200825 Cote
Filing Date Oct. 7 2008 Date de dépôt
Page 1 of/de 22 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

FILED BY: **FIRST NATIONAL FINANCIAL GP CORPORATION**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number as provided in Section 9 of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended, except to the extent that the provisions of these terms are modified by any additions, amendments or deletions provided for or stipulated in such charge, or in any schedule(s) annexed thereto.

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1. DEFINITIONS

In this set of Standard Charge Terms the following words shall have the following meanings.

"**Applicable Laws**" means all applicable federal, provincial and municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all common laws or equitable principles whether now or hereafter in force and effect.

"**Balance Due Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"**Change of Control**" has the meaning ascribed thereto in Section 15.

"**Charge**" means collectively, the Charge Form, this set of Standard Charge Terms, any Schedules attached to the Charge Form and all renewals, extensions or amendments thereof from time to time.

"**Charge Form**" means the form, stipulated by Applicable Laws, to which these Standard Charge Terms are attached or incorporated by reference or election.

"**Chargee**" means the Person or Persons named on the Charge Form as mortgagee or chargee and includes any Person to which the Chargee transfers this Charge.

"**Chargor**" means the Person or Persons named on the Charge Form as mortgagor or chargor and any successor in title to such Person or Persons with respect to the Property.

"**Commitment**" means the written agreement to make and to accept the Loan entered into between First National Financial LP as lender and the Chargor prior to the execution of this Charge and includes any written communication between the parties renewing, extending or amending the terms of the Loan or any of the Loan Documents, together with all other renewals, extensions or amendments thereof from time to time.

"**Default**" has the meaning ascribed to such term in Section 20.

"**Environmental Laws**" means all Applicable Laws relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation, clean up or any other aspect, of a Hazardous Substance.

"**Environmental Proceeding**" means any investigation, action, proceeding, conviction, fine, judgment, notice, order, claim, directive, permit, licence, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

STANDARD CHARGE TERMS
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"**First Payment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement, or if not so identified or described, the day that is one month from the Interest Adjustment Date.

"**Guarantor**" means each guarantor or co-covenantor with the Chargor described on the Charge Form or in any other Loan Document.

"**Hazardous Substance**" means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation, contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated biphenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products and hazardous wastes.

"**Indebtedness**" means the outstanding Principal Amount, interest, costs and all other amounts payable by the Chargor to the Chargee under this Charge and the other Loan Documents.

"**Interest Adjustment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"**Interest Rate"** means the interest rate indicated on the Charge Form, as such interest rate may be amended from time to time by written agreement.

"**Loan**" means the particular loan or credit facility which this Charge is intended to secure.

"**Loan Documents**" means collectively, the Commitment, this Charge and all other agreements, documents and instruments relating to the Loan as amended, supplemented and restated from time to time.

"**Monthly Instalment**" means a payment payable each month on the Payment Date in an amount calculated in accordance with this Charge.

"**Payment Date**" means that day of each and every month from and including the First Payment Date to and including the Balance Due Date which is a monthly anniversary of the Interest Adjustment Date.

"**Person**" means a natural person, corporation, partnership, limited partnership, trust, unincorporated organization or any other legally recognized entity.

"**Prime Rate**" means the annual rate of interest published from time to time by First National Financial LP as a reference rate of interest then in effect for determining interest on Canadian dollar loans made in Canada.

"**Principal Amount**" means the principal amount of the Loan in lawful money of Canada set out on the Charge Form.

"**Property**" means the real property legally described on the Charge Form or in a Schedule to the Charge Form, if required, and includes all buildings, structures and improvements now or hereafter brought or erected thereon and all fixtures, rents and other appurtenances thereto. In the case of a strata lot or condominium, "Property" shall also include the Chargor's interest in the common elements and any other interests of the Chargor in the assets of the strata corporation or condominium corporation.

"**Receiver**" means a receiver a manager, a receiver and manager or other similar Person appointed in regard to the Property and the rents and profits of and from such Property, which receiver may be an officer or officers or an employee or employees of the Chargee.

"**Registry Office**" means the appropriate registry of deeds, land titles or other land registration office from time to time established under Applicable Laws for the registration, filing or similar recording of this Charge.

"**Schedule**" means any document or schedule (except these Standard Charge Terms) attached to and forming part of this Charge.

"**Tax Account**" has the meaning ascribed thereto in Section 7.

"**Taxes**" means all taxes, rates and assessments payable with respect to the Property whether provincial, municipal, school, local, parliamentary or otherwise, including, without limitation, municipal and school taxes, water rates and religious assessments, general or special.

"**Term**" means the term of the Loan as set out on the Charge Form, calculated from the Interest Adjustment Date, as the same may be amended by written agreement.

2. SECURITY

Continuing Security. In return for the making of the Loan to the Chargor:

(a) the Chargor hereby grants, mortgages and charges all of his right, title, estate and interest in and to the Property to the Chargee as continuing security for the payment of the Indebtedness and performance of all obligations of the Chargor contained in this Charge and the other Loan Documents; and

(b) if the Chargor is a tenant or lessee of the Property under a lease, the Chargor hereby grants, mortgages, charges, assigns and subleases all of his right, title and interest (including any present or future option or right of first refusal or right to renew or extend any term of the Chargor's lease) in and to the Property and to the lease, for the unexpired residue of the term of the lease, including any renewals or extensions of the term (excepting always, in all cases, the last day of such original or renewed or extended term).

Subsequent Interests. By this Charge, the Chargor grants and mortgages any additional or greater interest in the Property that the Chargor may later acquire.

No Discharge of other Loan Documents. By entering into this Charge, the Chargor and Chargee do not intend that any other Loan Document is to be extinguished, superceded or discharged.

No Prejudice to Other Security. The Chargee may take guarantees and other security from other Persons, or grant time, renewals, extensions, indulgences, releases and discharges to the Chargor and other Persons, relating to the Indebtedness or the obligations secured by this Charge, without prejudicing or diminishing any of the rights and remedies of the Chargee under this Charge or the other Loan Documents.

Discharge. Upon the total repayment of all Indebtedness under this Charge, the Chargee shall have a reasonable period of time of at least 6 weeks, or such shorter period as required under Applicable Laws, to cause the preparation and delivery of the discharge of this Charge.

3. INTEREST RATE AND MONTHLY INSTALMENTS

Interest Chargeable. Interest is chargeable on and forms part of the Indebtedness and is payable by the Chargor at the Interest Rate, calculated semi-annually and not in advance, in accordance with the terms of this Charge and the other Loan Documents.

Monthly Instalments. The Monthly Instalment shall consist of blended principal and interest in the amount specified on the Charge Form or, if not so specified, in an amount designed to effect payment in full of the Loan by the end of the amortization period thereof.

Calculation of Interest.

(a) Interest shall be payable on the Indebtedness both before and after default, maturity, acceleration and judgment until the Indebtedness has been repaid in full.

(b) In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgment, shall bear interest at the Interest Rate. If the interest and compound interest are not paid within six (6) months from the time of default, a rest shall be made and compound interest at the Interest Rate shall be payable on the aggregate amount then due as well after as before maturity and so on from time to time, and all such interest and compound interest shall form part of the Indebtedness and be secured by this Charge.

Maximum Rate of Interest. If the Interest Rate exceeds the maximum rate permitted under Applicable Laws, then, notwithstanding the terms of any Loan Document, the Interest Rate shall be deemed to be such maximum rate.

4. REPAYMENT OF THE LOAN

Repayment of Indebtedness. The Chargor will pay to the Chargee all Indebtedness secured hereby in the manner provided in this Charge and the other Loan Documents, without any deduction, abatement, counterclaim or set-off (legal or equitable) of any kind whatsoever and shall do, observe, perform and fulfill all the provisions, covenants, agreements and stipulations contained in this Charge and the other Loan Documents.

Monthly Instalments. From and after the Interest Adjustment Date, the Chargor shall pay the Chargee the Principal Amount together with all interest thereon at the Interest Rate calculated semi-annually and not in advance and computed from the Interest Adjustment Date, in Monthly Instalments calculated in accordance with Section 3 above commencing on the First Payment Date and thereafter on each Payment Date to and including the Balance Due Date, at which time the balance of the Principal Amount, if any, and the interest thereon shall become due and be paid.

Interest Payable Prior to Interest Adjustment Date. The Chargor shall pay simple interest on advances, if any, computed from the respective dates of such advances up to the Interest Adjustment Date at the Interest Rate but calculated daily rather than semi-annually. Such payments of interest shall be made on the first day of each and every month commencing with the month next following the month in which the first advance is made and continuing to and including the Interest Adjustment Date.

Timing of Receipt of Payments. All payments received by the Chargee from the Chargor or any other Person after 3 p.m. (Eastern Standard Time) or on a Saturday, Sunday or statutory holiday will be deemed to be received on the next business day.

5. APPLICATION OF MONTHLY INSTALMENTS

Application of Monthly Instalments. Each Monthly Instalment will be applied first, to pay or reduce interest calculated as provided above on the Principal Amount from time to time outstanding and the balance shall then be applied to reduce the Principal Amount. However, if the Chargor is in default under this Charge or any other Loan Document, the Chargee shall be entitled to apply the Monthly Instalments or any other money received by the Chargee on account of the Indebtedness towards any part or parts of the Indebtedness at the Chargee's discretion.

Annual Mortgage Statement. Each year the Chargor will receive from the Chargee an annual mortgage statement that will show the total amount of the Monthly Instalments that have been applied as aforesaid in the previous year.

6. REPRESENTATIONS AND WARRANTIES

The Chargor represents and warrants to the Chargee:

(a) that the Property is free of all Taxes, same having been paid to date without subrogation in favour of any party;

(b) that all the structures and improvements are erected entirely on the Property and that there are no structures or improvements encroaching over the Property's boundaries from neighbouring lands;

(c) that unless the Charge indicates that he is the tenant or lessee of the Property, the Chargor is the absolute freehold owner of the Property with good title thereto and that there are no charges, mortgages, liens or other encumbrances, other than those hereby created, affecting the Property except for any liens and encumbrances that are registered against title to the Property in the applicable Registry Office at the time the Chargor signed this Charge; and

(d) that the Chargor has the right to grant this Charge to the Chargee.

7. TAXES

Tax Account. The Chargor shall pay all Taxes promptly when due. If required by the Chargee, the Chargor will pay to the Chargee monthly, an amount which, in the opinion of the Chargee, is sufficient to enable the Chargee to pay the annual Taxes on behalf of the Chargor by the date the first instalment of Taxes for each year becomes due, based on the estimated annual Taxes and subject to adjustment based on Taxes actually levied. Such funds, when received by the Chargee, are herein referred to as the "**Tax Account**". The Chargee may, at its option, withhold a sufficient amount from the advance of the Loan to accumulate sufficient funds in the Tax Account to enable the foregoing. If at any time the amount in the Tax Account is not sufficient to pay all Taxes when due the Chargor shall promptly make up the difference on demand. The Chargee shall be under no obligation to pay any Taxes or instalments thereof and will not be liable for any damages or penalties that might result from its failure to do so. It is the responsibility of the Chargor to assure himself of the payment of Taxes by either himself or the Chargee. The Chargee shall not be deemed a trustee for the Chargor in respect of the Tax Account. If the Chargor is in default of its obligations hereunder, the Chargee has the right to use the Tax Account to repay all or any portion of the Indebtedness.

Administration by Chargee. Where the Chargee administers a Tax Account on behalf of the Chargor:

(a) the Chargee shall allow the Chargor interest at not less than the prevailing rate published by the Royal Bank of Canada on personal savings deposits with chequing privileges on the minimum monthly balances standing in the Tax Account from time to time to the credit of the Chargor for payment of Taxes, such interest to be credited monthly to the Tax Account; and

(b) the Chargor shall be charged interest at the rate of 2% above the Prime Rate on debit balances, if any, outstanding in the Tax Account after payment of Taxes by the Chargee, until such debit balance is fully repaid.

8. INSURANCE

Property Insurance. To secure the repayment of the Indebtedness, the Chargor shall have all the buildings and other constructions now or hereafter erected upon the Property (hereinafter in this Section collectively referred to as the "**buildings**") insured at their full replacement cost against loss or damage caused by fire and such other perils as are covered by standard extended coverage, both during and after construction, until such time as the Chargee is fully repaid all Indebtedness. If the Chargee so requires, the Chargor shall be further insured during said period against the risks of vandalism, floods, boiler explosions and any other risks designated by the Chargee from time to time, as well as against civil liability. If the Property generates rentals or revenues, the Chargor shall also maintain rental insurance in an amount equal to at least 12 months rental income. Prior to any disbursements whatsoever, the Chargor shall deliver to the Chargee certificates evidencing such insurance and if required by the Chargee, certified copies of the policies, and at least fifteen (15) days prior to their expiry he shall deliver proof of new policies or renewal of the existing policies. If said expiry results from the cancellation of said policies, the time allowed will be only five (5) days. The Chargee may, if it so desires, retain all said policies in its possession. In any event, the insurer, and the terms of the insurance policies and their renewals, including the amount of any deductibles, shall be approved by the Chargee and the policies shall include the mortgage clauses approved by the Insurance Bureau of Canada

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confirming that loss proceeds are payable to the Chargee and that the Chargee has the right to receive and to have a lien on the loss proceeds in accordance with its priority established under this Charge. The Chargor hereby assigns to the Chargee all amounts payable under any of these policies. All such policies shall contain an undertaking by the insurer to notify the Chargee in writing of any material change in, cancellation of, failure to renew or termination of such policy at least fifteen (15) days prior thereto. The insurance policies shall not contain a co-insurance clause. Upon the failure of the Chargor to fulfil these insurance obligations, the Chargee may, without prejudice to its other recourses and without notice or demand, effect such insurance contracts as it deems appropriate at the cost of the Chargor to be paid forthwith by the Chargor, failing which it shall be added to the Indebtedness and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. In the event of loss or damage to the buildings, the Chargor shall promptly notify the Chargee and provide the Chargee with a copy of the detailed statement of damages as well as evidence that said statement has been sent to each of the insurers. The Chargor shall allow the Chargee to inspect the buildings. The Chargee may receive the insurance proceeds without the intervention or consent of the Chargor.

Insurance Proceeds. The Chargor shall remit to the Chargee forthwith any amount received by him from an insurer pursuant to an insurance contract described in this Section 8, up to the amount of the Indebtedness. The Chargee will have the right, at its sole discretion, to apply any proceeds of insurance wholly or in part to the following purposes:

(a) to pay wholly or in part Taxes or any other indebtedness secured by charges or other encumbrances which have priority over the Indebtedness or this Charge; and/or

(b) to reconstruct or repair the damaged buildings and pay for the work and materials relative thereto; and/or

(c) to pay wholly or in part the Indebtedness secured hereby, whether or not then due including any amount the Chargor would have been required to pay upon a prepayment of the Indebtedness on such date in accordance with the terms of this Charge.

Chargee to Consent to Repair. No construction or repair work may be undertaken without the prior written consent of the Chargee. It is clearly understood, however, that by consenting to the Chargor effecting any reconstruction or repair the Chargee is in no way obligated to pay the costs thereof nor prevented from using all or part of said proceeds to pay the Indebtedness or any part thereof or to pay any other party whose security interest ranks prior to its own. The Chargee may, at its option, undertake any such reconstruction or repair of the damaged buildings. Any proceeds applied to pay all or any part of the Indebtedness shall only be regarded as being so applied when the Chargee has decided to so apply them.

9. MAINTENANCE AND REPAIR

The Chargor shall maintain the Property in a good state of maintenance and repair as would a prudent owner, and in compliance with all Applicable Laws. The Chargor may not alter or demolish or allow any other party to alter or demolish the Property without the prior written consent of the Chargee. The Chargee or any Person designated by the Chargee shall be at liberty to inspect the interior or the exterior of the Property and/or to conduct a site assessment or investigation to determine if there has been a breach of any Applicable Laws, including, without limitation, any Applicable Laws concerning environmental protection. The Chargor shall pay the cost of any such inspection or site assessment to the Chargee promptly upon demand, failing which it shall be added to the Principal Amount and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. The exercise of any of the powers enumerated in this clause shall not result in the Chargee or any designee conducting such inspection, assessment or investigation being deemed to be in possession, management or control of the Property.

10. COMPLIANCE WITH APPLICABLE LAWS

The Chargor shall comply with all Applicable Laws that apply to the Property or the use or occupation thereof, including, without limitation, those relating to zoning, land use, health, safety and environmental protection. The Chargor shall not, and shall not permit any lessee of the Property, to engage in any criminal activity on the Property including, without limitation, the cultivation or processing of marijuana or any other controlled substance.

11. USE OF PROPERTY

The Chargor shall not change or permit any change in the use of the Property nor will the Chargor request or support any rezoning of the Property (or any portion thereof) without the prior written consent of the Chargee.

12. FIXTURES

The Chargor covenants and agrees with the Chargee that all erections and improvements fixed or otherwise now on or in future put upon the Property which are the property of the Chargor, including, without limitation, all fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, dishwashers, washing machines, dryers, and all apparatus and equipment appurtenant to any of the forgoing are and shall be, in addition to other fixtures thereon, fixtures and form part of the Property and shall be a portion of the security for the Indebtedness. The Chargor hereby charges and grants to the Chargee a security interest in all of the Chargor's right, title and interest in and to all such items as additional security for repayment of the Indebtedness.

13. OTHER ENCUMBRANCES

The Chargor shall maintain the Property free and clear of and from any claim, charge, mortgage, lien or other encumbrance ranking prior to the charge created herein and shall cause the removal of any such prior claim or charge within ten (10) days of its creation, unless the Chargor, in good faith, contests its validity or the amount of the claim from which it results, after having given prior notice to the Chargee of his intention to such effect, and has deposited with the Chargee an amount in lawful money of Canada which shall be sufficient to guarantee all losses which the Chargee may suffer by reason of such claim, charge, mortgage, lien or encumbrance. The Chargor shall not grant any rights in the Property without the prior consent in writing of the Chargee and shall maintain all Property free and clear of any claims, charges, encumbrances or rights other than those that are created under this Charge.

14. CHARGEE'S RIGHT TO PERFORM

The Chargee may perform any obligation of the Chargor hereunder or under any other Loan Document which the Chargor fails to perform including without limitation, payment of all premiums of insurance and all Taxes, utility and heating charges and rents which shall from time to time fall due and be unpaid in respect of the Property, and may satisfy any lien, encumbrance, claim or other charge now or hereafter existing upon the Property. All amounts expended by the Chargee in so doing shall be added to the Indebtedness, shall be secured by this Charge and shall be payable forthwith by the Chargor to the Chargee and shall bear interest from the date so paid by the Chargee at the Interest Rate until repaid.

15. ASSUMPTION OF CHARGE

Requirements for Assumption. The Chargee shall allow a purchaser of the Property to assume the Charge from the current Chargor provided the purchaser completes a new mortgage loan application, is approved by the Chargee in accordance with its then current underwriting practices and executes an assumption agreement in form and substance satisfactory to the Chargee.

Indebtedness May Become Due. Provided that in the event of:

(a) the Chargor selling, conveying, transferring or entering into any agreement to sell or transfer the title of the Property to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) such purchaser, grantee or transferee failing to:

  (i) apply for and receive the Chargee's written approval as aforesaid,

  (ii) personally assume all the obligations of the Chargor under this Charge, and

  (iii) execute an assumption agreement in the form required by the Chargee; or

(c) in the case of a corporate Chargor, the occurrence of a change of control (within the meaning given to such term in the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended from time to time) (a "**Change of Control**") of the Chargor not approved in writing by the Chargee,

then, at the option of the Chargee, the Indebtedness, together with the amount required to be paid on a prepayment of the Charge on such date pursuant to the terms of this Charge, shall forthwith become due and payable.

16. NO RELEASE

Notwithstanding that the Chargee may have approved any purchaser, grantee or transferee and that such Person may have executed an assumption agreement, or that the Chargor transfers or otherwise conveys or purports to transfer or otherwise convey the Property or any interest therein, the Chargor shall not thereby be released from his obligations under this Charge and the Loan Documents unless the Chargee has so released the Chargor in writing or the Chargor is otherwise released pursuant to Applicable Laws.

17. PORTABILITY OF CHARGE

All amounts outstanding under this Charge may be secured by a charge on replacement property of at least equal value (the "**Replacement Property**") on the same terms and conditions as contained in this Charge, provided the following conditions are met:

(a) the Chargor is not in default under this Charge;

(b) the Replacement Property is a single family dwelling which the Chargor will occupy;

(c) the Chargor completes a new mortgage loan application for the Replacement Property for an amount not less than the then outstanding Principal Amount of this Charge;

(d) the new loan application is approved by the Chargee in its sole discretion;

(e) the new charge is registered as a first charge against the title to the Replacement Property and all searches, opinions and clearances required by the Chargee are obtained and, if so required by the Chargee, title insurance is in place;

(f) the term of the new charge shall expire on the maturity date of this Charge;

(g) the new charge shall incorporate all terms and conditions then contained in the Chargee's standard charge and other documentation in use at that time; and

(h) the Chargor will pay all costs, charges and expenses of and incidental to the approval, taking, preparation, execution and registration of the new charge and discharge of this Charge, or, if applicable, an amending agreement, including, without limitation, any application and appraisal fees, solicitor's fees, surveyor's fees and, if applicable, mortgage insurance and title insurance premiums.

18. LEASES AND RENTALS

Where the Property generates rentals or revenues the following provisions shall apply.

(a) As general and continuing security for repayment of the Indebtedness, the Chargor hereby assigns, transfers and sets over to the Chargee, as and by way of a fixed and specific assignment and security interest, all legal and beneficial right, title and interest of the Chargor in and to (i) all present and future leases, offers to lease, subleases, licences and other agreements affecting the use, enjoyment and/or occupancy of the Property or any part thereof and all related guarantees, indemnities and security deposits, and (ii) any and all rents, revenues and receipts of any kind from the Property now or hereafter due and payable, with full benefit and advantage thereof, including the benefit of all covenants and agreements contained in the leases and full power and authority to demand, collect, sue for, recover, receive and give receipts for the rents in the name of the Chargor or owner from time to time of the Property or in the name of the Chargee, in the Chargee's sole discretion.

(b) Upon request by the Chargee, the Chargor shall provide to the Chargee, (i) a list containing the name of all tenants, and details as to their leases; (ii) a copy (or the original, when requested by the Chargee) of all leases, present and future, relating to the Property and any document and any useful information in connection therewith; and (iii) a written acknowledgment by the tenants, present and future, of the charge on rentals hereby created in the form required by the Chargee.

(c) The Chargee may require that all leases be subject to its approval, that they be subordinated to its rights herein and that the Chargor provide it on a yearly basis with a statement of revenues and expenditures concerning the Property. All leases shall be on market terms and conditions.

(d) The Chargee hereby authorizes the Chargor to collect all rents; however, the Chargor shall not collect more than one month's rent in advance nor shall he grant more than one month's free rent. Such authorization may be revoked at any time by the Chargee and in such case, the Chargee shall be at liberty to exercise as it may deem appropriate, to the exclusion of the Chargor, all rights of the Chargor in order to maintain, renew, grant, modify or terminate any lease, and to collect rentals and revenues from the Property including, without limitation, the bringing of an action for recovery of rentals; provided however, that the Chargee shall be under no obligation to exercise such right and shall not be liable for any loss or damage which may result from its failure to collect such rentals.

(e) With respect to leases of the Property, the Chargor hereby represents and warrants that the rents payable under same are legal, that no proceedings exist which could result in a decrease in the legal rents chargeable, that no orders exist prohibiting rent increases and that no work orders exist which could result in the issuance of an order prohibiting rent increases.

(f) The Chargor hereby agrees to indemnify and save the Chargee harmless from any and all demands, claims, damages, actions, proceedings, lawsuits, costs, expenses or payments which the Chargee may sustain or incur by reason of the Chargor's failure to charge legal rents or by reason of successful reduction claims by any tenant under any lease in the building on the Property or by any former tenant of the building. The Chargor agrees that all rents charged with respect to the Property or any part thereof will be lawful rents pursuant to any applicable legislation from time to time respecting residential housing and further agrees that he will file all items required to be filed by such legislation in a timely, accurate and complete way. All amounts so indemnified will be payable forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date of the expenditure until paid in full and shall be secured by this Charge. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

19. ENVIRONMENTAL MATTERS

Chargor to Indemnify. The Chargor shall indemnify and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs and expenses (including legal fees) (collectively "**Environmental Claims**") occurring, imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not caused by the Chargor or within its control: (a) any actual or alleged breach of Environmental Laws relating to or affecting the Property; (b) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom; (c) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof, and (d) any assessment, investigation, containment, monitoring, remediation and/or removal of any Hazardous Substances from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

Amounts Relating to Environmental Claims. All amounts expended by the Chargee in connection with any such Environmental Claims shall be payable by the Chargor forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date expended until paid in full and shall be secured by this Charge.

20. EVENTS OF DEFAULT

The Chargor shall be in default (a "**Default**") under this Charge in each of the following events:

(a) the Chargor fails to pay any monies payable under this Charge or under any other Loan Document when due;

(b) the Chargor fails to perform any of its covenants or obligations under this Charge or under any other Loan Document;

(c) the Chargor fails to comply with any other term or condition of this Charge or any other Loan Document;

(d) any of the representations, statements, certifications or declarations of the Chargor, whether contained in this Charge or any other Loan Document, is found to be untrue or misleading;

(e) if any other mortgage or any lien, charge or other encumbrance is registered against title to the Property or if the Chargee receives written notice of any lien that is created as a result of unpaid property taxes, unpaid strata or condominium fees, judgments, construction liens, builders' liens or similar encumbrances;

(f) the Chargor becomes insolvent or becomes subject to any insolvency, bankruptcy, reorganization, arrangement, compromise of debts or similar proceedings affecting the rights of any creditor, or a petition in bankruptcy is taken against the Chargor, or a receiver or an administrator takes possession of his property, or a resolution is adopted with respect to the liquidation of his property;

(g) in the case of a corporate Chargor, it fails to remain in good standing with government authorities having jurisdiction over it or if the corporation loses any of its rights or attributes as a corporation;

(h) in the case of a corporate Chargor, there is a Change of Control of the Chargor without the prior written consent of the Chargee;

(i) any activity which violates the *Criminal Code*, R.S.C. 1985, c. C-46 (as amended from time to time) or any other law or regulation of any authority having jurisdiction is conducted on the Property;

(j) if the Loan is insured, whether under the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time) or by any other insurer, any requirement of such insurance has not been complied with by the Chargor;

(k) if the Property is under construction, the construction works are halted for a continuous period exceeding ten (10) days, for reasons other than a fortuitous event or force majeure or construction holidays;

(l) if a default occurs under any other mortgage or any lien, charge or encumbrance affecting the Property or any part of it including without limitation, any of the foregoing which has priority over this Charge and whether or not the Chargee has agreed to such priority;

(m) the Property is subject to foreclosure proceedings, judicial sale, or otherwise seized by another mortgagee, encumbrancer, writ holder, receiver or any agent of the any of the foregoing or any other Person performing similar functions; or

(n) an event occurs which is stated to be a Default under Section 25 of this Charge.

21. CHARGEE'S REMEDIES UPON DEFAULT

Chargee's Rights on Default. If a Default occurs, the Chargee shall have no obligation to make any further advances and may, at its option, do any one or more of the following:

(a) demand immediate repayment of the Indebtedness, in which case all Indebtedness will become immediately due and payable and, to the extent permissible under Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to prepay the Indebtedness at such time;

(b) subject to Applicable Laws, take such action as is necessary or desirable to collect the Indebtedness or any portion thereof;

(c) enter upon and take possession of the Property and any personal property thereon;

(d) make any arrangements the Chargee considers necessary or advantageous to inspect, lease, collect rents or manage the Property, complete construction of any building on the Property or repair any building on the Property;

(e) take proceedings in court or otherwise as may be permitted by Applicable Laws to sell the Property or any part thereof or, if the Property is a leasehold interest, to sell the unexpired term of years demised by the lease with respect to the whole or any part of the leasehold interest in the Property, by public auction or private sale and on such terms as the Chargee considers most advantageous, including selling the Property or unexpired term of the lease for cash or credit or any combination of the two:

    (i) on thirty-five days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

    (ii) without notice to the Chargor if the Default has continued for sixty days or more (if and to the extent permitted by Applicable Laws).

(f) lease the Property on such terms as the Chargee considers most advantageous:

    (i) on fifteen days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

    (ii) without notice to the Chargor if the Default has continued for thirty days or more (if and to the extent permitted by Applicable Laws).

(g) apply to a Court for an order that the Property be sold on terms approved by the Court;

(h) apply to a Court to foreclose the Chargor's interest in the Property so that when the Court makes its final order of foreclosure, the Chargor's interest in the Property will be absolutely vested in and belong to the Chargee;

(i) apply to the Court to have a Receiver appointed with respect to the Property or appoint a Receiver of the Property under this Charge;

(j) with respect to personal property charged by this Charge, exercise any or all of the rights and remedies granted to secured parties under applicable personal property security legislation and any other applicable statute, or otherwise available to the Chargee at law or in equity; and

(k) take any other action and exercise any other remedies which are described elsewhere in this Charge or the other Loan Documents or which are available to the Chargee under Applicable Laws upon a default by the Chargor.

Additional Payments. Where a prepayment or redemption takes place following a Default hereunder by the Chargor, there shall, coincident therewith, be due and owing to the Chargee, to the extent permissible under Applicable Laws, any amount which would have been payable by the Chargor had he elected to prepay the Indebtedness pursuant to the prepayment provisions set out in this Charge at the time of such prepayment or redemption.

Payment of Chargee's Costs When Default is Remedied. If the Chargor avails himself of the right to remedy any Default, he shall pay all costs then incurred by the Chargee, and such costs shall include, without limitation, all administrative costs incurred by the Chargee by reason of the Default and all legal fees (determined on a solicitor and client full indemnity basis) and fees paid to experts.

Chargee's Rights to Administer and Manage Property. If the Chargee elects to take possession of the Property, it shall be at liberty to administer and manage it and hire a manager or caretaker, use all means at its disposal in order to enter into the Property with or without a locksmith, contract or renew leases or terminate them, in the name of the Chargor, for the amounts and upon terms and conditions, including, without limitation, the payment of tenant inducements, which the Chargee shall consider appropriate, maintain the Property in good condition, carry out repairs and renovations and undertake or complete any work, all at the Chargor's expense. The Chargor agrees that he will not interfere with the Chargee's or any Receiver's possession of the Property.

Accounting for Monies Received. The Chargee shall only be required to account to the Chargor for any monies actually received by the Chargee in connection with the Property.

Payment of Chargee's Costs and Expenses. To the maximum extent permitted by Applicable Laws, all sums disbursed by the Chargee in enforcing any of its remedies or in connection with the protection, enforcement or realization of its security, including, without limitation, legal fees, realtor's fees, fees incurred in relation to any inspection or valuation of the Property, protective disbursements, fees and expenses incurred in connection with taking such steps as are deemed necessary by the Chargee to protect its interests in proceedings commenced by other Persons in relation to the Property and any sums expended in connection with actions taken under Section 21 hereof, shall be repayable by the Chargor on demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date funds were expended by the Chargee and shall be secured by this Charge.

22. JUDGMENTS AND DEFICIENCY

Chargee's Rights After Judgment. If a judgment is obtained from a Court concerning some or all of the Indebtedness or obligations, the remaining Indebtedness or obligations will not be extinguished, superceded or discharged nor will the Chargee be prevented from exercising any of its remaining rights under this Charge, any other Loan Document or under Applicable Laws.

Deficiency After Sale. To the maximum extent permitted by Applicable Laws, the Chargor shall remain responsible for payment to the Chargee of all of the Indebtedness, notwithstanding that the Chargee may have exercised one or more of its remedies under this Charge including, without limitation, sale of the Property.

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23. APPOINTMENT OF RECEIVER

Appointment of Receiver. Upon Default, the Chargee or the Chargee as agent or attorney for the Chargor (with such appointment not being revocable by the Chargor), with or without entering into possession of the Property or any part thereof, may appoint in writing a Receiver and may remove any such Receiver and appoint a new Receiver in the place and stead of any previously appointed Receiver.

Powers of Receiver. Subject to Applicable Laws, the Receiver:

(a) will be deemed to be the Chargor's irrevocable agent or attorney, vested with all rights, powers and discretions of the Chargor, and the Chargor will be solely responsible for the Receiver's acts or omissions and for the Receiver's remuneration and expenses;

(b) has power, in the Chargor's name or in the name of the Chargee, to take possession of the Property, to demand, recover and receive income from the Property and to start and carry on any action or court proceeding to collect that income;

(c) may lease or sublease the Property or any part of it on terms and conditions that the Receiver chooses, including without limitation, the payment of tenant inducements, and for that purpose execute contracts in the name of the Chargor, which contracts will be binding on the Chargor;

(d) may make arrangements for the completion of the construction of or repair any improvement on the Property, notwithstanding that the resulting cost may exceed the Principal Amount;

(e) may manage the Property and maintain it in good condition;

(f) has the power to perform, in whole or in part, the Chargor's duties under the terms of the Loan Documents;

(g) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Property or will increase or preserve the value or income potential of the Property; and

(h) has the power to exercise any of the Chargee's rights and remedies referred to in Section 21 hereof.

Use of Income by Receiver. Neither the Receiver nor the Chargee shall be liable to the Chargor to account for monies other than monies actually received by it, in respect of the Property. From income received from the Property, the Receiver may, subject to Applicable Laws, in any order the Receiver chooses, (i) retain enough money to pay or recover the cost to collect the income and to cover other disbursements; (ii) retain its commission, fees and disbursements as receiver; (iii) pay all Taxes and the cost of maintaining the Property in good repair, completing the construction of any building or improvement on the Property, supplying goods, utilities and services to the Property, insuring the Property and taking steps to preserve the Property from damage by weather, vandalism or any other cause; (iv) pay any money for matters required to be paid by the Receiver under Applicable Laws, or that might, if not paid, result in a default under any charge or encumbrance having priority over this Charge or that might result in the sale of the Property if not paid; (v) pay taxes in connection with anything the Receiver is entitled to do under this Charge; (vi) pay all or part of the Indebtedness to the Chargee whether or not it is due and payable; and (vii) pay any other money owed by the Chargor under this Charge and the other Loan Documents.

Receiver May Borrow. The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do. Any money borrowed by the Receiver from the Chargee and any interest charged on that money and all the costs of borrowing will form part of the Indebtedness and will bear interest at the interest rate and shall be paid with the frequency provided under the applicable terms under which such money was borrowed.

Receiver's Costs and Expenses. The fees and disbursements of the Receiver, if paid by the Chargee, shall form part of the Indebtedness and will bear interest at the Interest Rate from the date paid by the Chargee and shall be secured by this Charge.

Chargee Not Responsible. Nothing done by the Receiver under this Section 23 shall render the Chargee a mortgagee in possession, and the Chargor hereby releases and discharges the Chargee and every Receiver and each of their respective successors and assigns from every claim of every nature, whether for damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any Person claiming through or under the Chargor by reason or as a result of anything done by the Chargee or any Receiver under the provisions of this Charge. The Chargor hereby agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this Charge and agrees that neither the Receiver, the Chargee nor their respective successors and assigns will be liable for any loss sustained by the Chargor or any other Person from such actions or failure to act.

24. LEASEHOLD PROVISIONS

This Section 24 applies if the Chargor is a tenant or lessee of the Property.

Definition. For the purposes of this Section 24, "Lease" means a lease or a sublease pursuant to which the Chargor has a leasehold interest in the Property.

Representations. The Chargor represents that:

(a) the Property is leased to him under a valid Lease (a copy of which has been provided to the Chargee);

(b) that the Chargor has a good leasehold title to the Property free and clear of all mortgages, liens, charges and encumbrances other than liens registered against the leasehold title to the Property in the applicable Registry Office at the time the Chargor signed this Charge;

(c) all rents and other moneys payable under the Lease have been paid and the Chargor has complied with all of his obligations set out in the Lease, in both cases up to the date the Chargor signed this Charge; and

(d) the Chargor has the right to charge and sublet the leasehold title to the Property to the Chargee as set out in this Charge and, if required, has obtained the lessor's unconditional consent to this Charge (or if such consent has been issued under conditions, the Chargee has agreed to same, in writing) and any such consent is in writing and has been provided to the Chargee.

Covenants. The Chargor also covenants and agrees as follows:

(a) that the Lease will at all times while this Charge is not discharged, be a valid lease in full force and effect;

(b) the Chargor will not amend, surrender or modify the Lease without written consent of the Chargee and will pay the rents and other payments required by the Lease as they fall due and perform and observe the covenants and other obligations contained in the Lease on the lessee's part to be performed;

(c) the Chargor will renew the Lease when the Lease gives the Chargor that right so that the term of the Lease will continue at all times while this Charge is not discharged;

(d) the Chargor will promptly give the Chargee a copy of any notice, demand or request which the Chargor may receive relating to the Lease;

(e) the Chargor will, at his cost, upon request by the Chargee, obtain and deliver to the Chargee estoppel certificates from the lessor under the Lease in form and content satisfactory to the Chargee;

(f) the Chargor will sign any other document or take any further action as the Chargee may reasonably require, to ensure that all of the Chargor's interest in the Property and in the Lease have been fully charged to the Chargee and that the Indebtedness is adequately secured;

(g) the Chargor shall indemnify the Chargee and its successors and assigns against all actions, claims, costs (including legal costs, and on a solicitor and client full indemnity basis), demands and liabilities which the Chargee and its successors and assigns may suffer or sustain by virtue of any default by the Chargor under the Lease, and the Chargor agrees that this indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(h) the Chargor will stand possessed of the Property for the last day of the term or any renewal term granted by the Lease in trust for the Chargee;

(i) at the Chargee's request, the Chargor will transfer to the Chargee (or to any other Person to whom the Chargee transfers the Chargor's interest in the Property) the last day of the term of the Lease or of any renewal;

(j) the Chargor hereby appoints the Chargee as his attorney so that the Chargee, on his behalf and in the name of the Chargor, may assign the Lease and the last day of the term of the Lease or of any renewal and convey the Chargor's interest in the Property as the Chargee may require to perfect any transfer made under the default provisions of this Charge; and

(k) if the Chargor acquires the lessor's interest in the Property (whether by exercising any option to purchase there may be in the Lease or any renewal thereof or otherwise), this Charge will automatically extend to such interest and the Chargor agrees that at the Chargee's request the Chargor will deliver to the Chargee a new charge against such additionally acquired interest substantially on the same terms and conditions as those set forth in this Charge.

25. STRATA/CONDOMINIUM PROVISIONS

This Section 25 applies if the Property is or becomes a strata or condominium property created under Applicable Laws.

Compliance with Strata/Condominium Rules. The Chargor shall comply with all of the terms and conditions of the declaration pertaining to the Property as same may be amended from time to time (the "**Declaration**") together with all rules, regulations and by-laws relating thereto as well as all orders and resolutions passed at meetings of the strata/condominium corporation (together with the Declaration, collectively, the "**Constituting Documents**").

Expenses and Taxes. The Chargor shall pay promptly when due his share of all common expenses, levies and administrative charges in the amounts determined by the board of directors of the strata corporation or condominium corporation (hereinafter the "**strata/condominium corporation**"); if any such payments are not made when due and regardless of any other action or proceeding taken or to be taken by the strata/condominium corporation, the Chargee may make such payments on behalf of the Chargor pursuant to Section 14 hereof.

Voting Rights. The Chargor authorizes the Chargee in the Chargor's name and on the Chargor's behalf, to exercise all rights under Applicable Laws and the Constituting Documents to vote at any meeting (or to vote otherwise than at any meeting) of the strata/condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the Property or assets of the strata/condominium corporation. This authorization includes voting on or any consent to the termination of the strata/condominium corporation. Notwithstanding this authorization, the Chargee may choose not to vote or not to consent at any particular time or on any particular issue. Until the Chargee gives notice to the Chargor and/or the strata/condominium corporation that the Chargee intends to exercise its right to vote or consent, the Chargor may vote or consent. Any notice the Chargee gives may be for an indeterminate or limited period of time, or for a specific meeting or matter. The Chargee shall not be under any obligation to exercise such rights, even though notice may have been given of its intention to do so and shall not be liable to the Chargor or any other Person for the manner in which such rights are exercised or for the failure to exercise same.

Insurance.

(a) At the request of the Chargee, the Chargor shall obtain and deliver to the Chargee a certificate of insurance issued under the master insurance policy placed by the strata/condominium corporation in accordance with the terms of the Declaration and showing the Chargee as mortgagee.

(b) In addition to the insurance maintained by the strata/condominium corporation, the Chargor will insure all improvements which have been or at any future time are made to the dwelling unit charged herein and, as well, insure against such additional risks as may be required by the Chargee, will provide the Chargee with certified copies of every such insurance policy naming the Chargee as loss payee and, not less than 15 days before any policy expires, evidence of its renewal. If any loss or damage occurs the Chargor will immediately, at its expense, do everything necessary to enable the Chargee to obtain the insurance proceeds. These proceeds may, at the option of the Chargee, be applied in whole or in part to repair the damage, be paid to the Chargor, or be applied to reduce any part of the Indebtedness whether or not yet due, in which latter case, to the extent permissible by Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment at such time. The obligation to insure the entire structure of which the Property forms part may be performed by the strata/condominium corporation and the proceeds of such insurance may be payable in the accordance with the Constituting Documents related thereto. Upon the occurrence of loss or damage, the Chargor will fully comply with the terms of all insurance policies and with the insurance provisions of such Constituting Documents.

Notices and Other Documents. At the request of the Chargee, the Chargor will give the Chargee copies of all notices, financial statements and other documents given by the strata/condominium corporation to the Chargor.

Chargee May Require Payment. At the option of the Chargee, and subject to compliance with Applicable Laws, there is a Default if:

(a) governance of the property of the strata/condominium corporation under the Constituting Documents is terminated or wound up;

(b) a vote of the strata/condominium owners authorizes the sale of the property of the strata/condominium corporation or of a material part of its common property (or common elements);

(c) the strata/condominium corporation fails to comply with Applicable Laws or the Constituting Documents;

(d) the strata/condominium corporation fails to insure the strata/condominium units and common property (or common elements) against destruction or damage by fire and other perils usually insured against for full replacement cost; or

(e) the strata/condominium corporation fails, in opinion of the Chargee, to manage its property and assets in a careful way or to maintain its assets in good repair.

Chargee Not Responsible. Nothing done by the Chargee or its agents under this Section 25 will make the Chargee a mortgagee in possession.

26. EXPROPRIATION

Prepayment of Indebtedness. In the event of a prepayment of all or any portion of the Indebtedness as a result of an expropriation of all or part of the Property, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment of the amount prepaid at such time.

Expropriation of the Property. In the event of the expropriation of all or substantially all of the Property the Indebtedness will, at the option of the Chargee, become immediately due and payable together with any applicable prepayment charge. All amounts received by the Chargor in connection with such expropriation shall, to the extent of the Indebtedness and such prepayment charge, be paid to the Chargee and until so paid shall be deemed to be held by the Chargor in trust for the Chargee.

Partial Expropriation. In the event of the expropriation of only a portion of the Property, all amounts received by the Chargor in connection with such expropriation shall, at the option of the Chargee, be paid to the Chargee to be credited towards the Indebtedness and any applicable prepayment charge in respect of such amount. Until such amounts have been paid to the Chargee they shall be deemed to be held by the Chargor in trust for the Chargee. If the Chargee, in its sole discretion, is of the view that the remainder of the Property is inadequate security for the remainder of the Indebtedness, then the Chargee may declare all the Indebtedness together with any applicable prepayment charge immediately due and payable.

27. ADVANCES AND READVANCES UNDER CHARGE

Neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the Principal Amount intended to be secured hereby, nor shall the advance of a part of the Principal Amount bind the Chargee to advance any unadvanced portion thereof, but nevertheless the charges hereby created shall take effect forthwith upon the execution of this Charge by the Chargor. This Charge and the charges granted herein shall operate until all the Indebtedness is fully paid to the Chargee and all covenants of the Chargor herein have been performed in full, in each case in the manner contemplated herein and until the Chargee has delivered a complete discharge hereof in writing to the Chargor. This Charge shall not cease to operate although the Chargor may not be indebted to the Chargee at any time and the Chargee may accept repayment of all or a portion of the Indebtedness and may allow the Chargor to reborrow the amounts previously paid to the Chargee, and this Charge and the charges, mortgages, assignments, security interests and liens granted herein shall stand as security for all such amounts borrowed and reborrowed, whether or not the Indebtedness has at any time been reduced to zero.

28. RENEWAL AND AMENDMENT OF CHARGE

Registration of Agreements Not Required. Any agreement in writing between the Chargor and the Chargee after the date of this Charge, relating to the payment of the unpaid Indebtedness, or to the Interest Rate, or to both, or any other matter, need not be registered in any Registry Office. Such agreement shall be effective and binding on the Property and upon the Chargor, the Chargee and upon any subsequent encumbrancer or transferee of the Property to the same extent and effect as if such agreement in writing had been executed, delivered and registered in the appropriate Registry Office prior to the making of such subsequent encumbrance or transfer.

No Implied Agreement. No agreement for renewal hereof or for extension of time for payment of the Indebtedness hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the Term or of any subsequent term.

29. PRINCIPAL FAMILY RESIDENCE

Consent of Spouse. Any spouse who is signing the Charge Form consents to the granting of this Charge by the Chargor and releases to the Chargee any claim or interest that the spouse has or may have in the Property under Applicable Laws as far as such release is necessary to give effect to the Chargee's rights under this Charge.

Change in Marital Status. If the Chargor is not married at the time of execution of this Charge, but marries thereafter with the result that the Property becomes a principal family residence or if the Property becomes a principal family residence under Applicable Laws or by reason of the registration of a declaration of family residence or of a judicial award, the Chargor agrees that he will forthwith notify the Chargee of same and cause his spouse to subordinate to the rights of the Chargee all of such spouse's rights in the Property as the principal family residence, by signing a written agreement in the form required by the Chargee.

30. FEES PAYABLE BY CHARGOR

Chargee's Fees and Expenses. The Chargor shall promptly pay all lawyers' and experts' fees related to this Charge and every renewal or amendment thereof, including, without limitation, fees related to any examination of title to the Property, as well as any costs of evaluation, any survey fees and any costs pertaining to mortgage insurance and/or title insurance, if applicable. The Chargor shall also pay any costs and expenses incurred by the Chargee in responding to any court actions, directives, orders, notices or requests for information brought against the Chargee as a result of or relating to this Charge.

Chargee's Administrative Fees. The Chargor shall also pay an administration fee to the Chargee for every dishonoured cheque or preauthorized cheque debit. The fee will automatically be debited to the Chargor's Tax Account balance, or sundry account, or added to the pre-authorized cheque debit upon reissue unless a separate payment of such administration fee is received with a replacement cheque. The Chargee also reserves the right to charge reasonable fees in accordance with industry standards for other administrative services such as, but not limited to, discharges, assumptions, transfers, payment frequency changes, mortgage statements, etc. and the Chargor agrees to pay such fees. These fees may vary from time to time and will be published in the Chargee's schedule of fees, which may be obtained by the Chargor upon request.

31. INSURED INDEBTEDNESS

In the event that all or any portion of the Indebtedness is insured by a mortgage insurer in favour of the Chargee, the contractual relations between the Chargee and the mortgage insurer will be taken into account before effecting any disbursement of funds, or before acceptance of any purchaser or transferee of the Property can become valid, even if already accepted by the Chargee. If this Charge is insured by Canada Mortgage and Housing Corporation it shall be deemed to be made pursuant to the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time).

32. GENERAL CONDITIONS

Assignment. The Chargor may not assign or transfer the rights that he has or may have to any advance of the Loan without the prior written permission of the Chargee.

No Partial Discharge. The Chargor shall not be entitled to obtain a partial discharge of the Property in the event the Property is subdivided and sold notwithstanding that the Chargee has been paid the sale proceeds thereof.

Pre-Authorized Payments. The Chargor explicitly authorizes the Chargee to withdraw from any bank account in his name, details of which have been provided to the Chargee in accordance with a pre-authorized chequing plan, the sums necessary to satisfy the payments the Chargor must make by virtue of this Charge as well as the life insurance premiums related to same, if applicable.

Investment of Funds. The Chargee shall be at liberty to deposit any monies or instruments received or held by it pursuant to this Charge in a non interest bearing account or invest them, without having to comply with any legal provisions concerning the investment of the property of others, in any certificate of deposit issued by an institution chosen by the Chargee, for any term which it may choose.

Limited Responsibility of Chargee. The Chargee is only liable to the Chargor or any Guarantor for the Chargee's or its employees' wilful misconduct or gross negligence.

Right to Delegate. The Chargee shall be at liberty to delegate to any Person or Persons the exercise of its rights, actions or the performance of any covenant resulting from this agreement or law; in such case the Chargee is hereby authorized to supply such Person with any information it holds relating to the Chargor or the Property.

Power of Attorney. In consideration of the mutual promises made by the Chargee and the Chargor in this Charge, the Chargor hereby grants to the Chargee, with full power of substitution, an irrevocable power of attorney of the Chargor coupled with an interest to carry out any and all acts and to execute any and all deeds, instruments or other documents which it may deem useful in order to exercise its rights. The Chargor ratifies in advance all actions of the Chargee pursuant to such power of attorney and confirms that the Chargee is not liable for any loss sustained by the Chargor or any other Person resulting from any such action or failure to act.

Rights and Remedies. The acceptance by the Chargee, as a result of default on the part of the Chargor, of all or part of the sums to which it is entitled, or the exercise by the Chargee of any right or recourse, shall not be held to preclude it from exercising any other right or recourse; all rights and recourses accruing to the Chargee are cumulative and not alternative.

Assignment by Chargee. The Chargor and each Guarantor, if any, acknowledges that this Charge (or security certificates backed by or representing any interest in this Charge or a pool of loans which includes this Charge) may be assigned by the Chargee to a third party or may be sold or securitized into the secondary market without restriction and without notice to or consent of the Chargor or any Guarantor. The Chargor and each Guarantor hereby irrevocably consents to the release and disclosure of any financial or other information concerning the Chargor, each Guarantor, the Property and the Loan in the course of any such assignment, sale or securitization.

Notices to Chargor. Any notice to or demand upon the Chargor shall be given or made at his ordinary place of business or usual residence set out on the Charge Form or at the address of such other place of business or usual residence or electronic address of which the Chargor shall have notified the Chargee in writing.

Place of Payment. All payments must be made at the place of business of the Chargee, in lawful money of Canada at 100 University Avenue, Suite 700, North Tower, Toronto, Ontario, Canada, M5J 1V6, or at such other place as the Chargee may from time to time indicate to the Chargor.

Joint and Several. Should the Loan be granted to several parties, each of them is jointly and severally liable to the Chargee for all the Indebtedness and the performance of all the obligations under this Charge and the other Loan Documents. The same holds for all Persons who will assume the repayment of the sums due or to become due.

Severability. In the event that any provision of this Charge shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Charge shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

No Amendments and Waiver. No amendment to this Charge shall be valid or binding unless set forth in writing and agreed to by the Chargor and Chargee. No waiver of any breach of any provision of this Charge will be effective or binding unless made in writing and signed by the Chargee and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No delay or failure by the Chargee in the exercise of any right under this Charge or any other Loan Document shall operate as a waiver thereof.

Successors and Assigns. The rights hereby conferred upon the Chargee shall benefit all its successors and assigns.

References to First National Financial LP. All references to First National Financial LP in this Charge and the other Loan Documents shall mean First National Financial LP or its successors or assigns, as the case may be.

Further Assurances. The Chargor agrees to execute such further assurances of title to the Property as may be required by the Chargee and to do all things and execute such additional documents as the Chargee reasonably requires to ensure that all Indebtedness and other obligations of the Chargor to the Chargee remain secured by this Charge, that this Charge has priority over any other security interest in the Property, except as may be otherwise agreed by the Chargee, and otherwise to give full effect to the intent of this Charge.

Conflicts Between Documents. If there is a conflict or inconsistency between any provision of this Charge and any other Loan Document, the Chargee shall be entitled to choose which provision will prevail.

Interpretation. The words "hereto", "hereof", "hereby", "hereunder" and similar expressions refer to the whole of this Charge and not to any particular paragraph or portion hereof and extend to and include any and every document supplemental or ancillary hereto or in implementation hereof. Words importing the masculine gender include the feminine and neuter genders and words in the singular include the plural, and vice-versa, where the context so requires. The headings do not form part of this document and have been inserted for convenience of reference only.

33. CASH-BACK PROMOTION

If the Chargor received a cash incentive (the "**Cash-Back Amount**") to enter into the Loan (and notwithstanding that the Interest Rate hereunder may be higher as a result thereof), then the Chargor will repay to the Chargee all or part of the Cash-Back Amount based on the formula hereinafter set out if any of the following events (the "**Triggering Events**") occur prior to the expiry of the original Term of this Charge:

(a) the Chargor sells the Property, prepays all or part of the Indebtedness, early renews or refinances this Charge or arranges for the assignment of this Charge to another chargee; or

(b) the Chargee accelerates prepayment of the Indebtedness because of a default by the Chargor.

The amount that the Chargor must repay (the "**Repayment Amount**") if any Triggering Event occurs will equal:

(c) except where the Triggering Event is the prepayment of only part of the Indebtedness, the Cash-Back Amount multiplied by the portion of the Term remaining at the time of occurrence of the Triggering Event (expressed in months) divided by the original Term (expressed in months); or

(d) if the Triggering Event is the prepayment of only part of the Indebtedness, the number arrived at by using the formula in (c) above multiplied by a fraction having as its numerator the amount of the partial prepayment and as its denominator the original Principal Amount of this Charge.

The Repayment Amount shall be payable forthwith upon the occurrence of the Triggering Event and if not so paid shall be added to the Indebtedness, shall bear interest at the Interest Rate and shall be secured by this Charge.

34. GUARANTEE

The Guarantor, in consideration of the making the Loan to the Chargor and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, hereby agrees as follows:

(a) that the Guarantor with the Chargor, as principal debtor and not as surety, will well and truly pay or cause to be paid the Indebtedness to the Chargee at the times and in the manner herein provided and appointed for the payment thereof;

(b) that he unconditionally guarantees full performance and discharge by the Chargor of all the obligations of the Chargor under the provisions of this Charge at the times and in the manner herein provided;

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(c) that he will indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur or be or become liable for by reason of:

  (i) the failure for any reason whatsoever of the Chargor to pay the Indebtedness or to do and perform any other act, matter or thing pursuant to the provisions of this Charge; or

  (ii) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the Indebtedness or the obtaining of performance by the Chargor or of any other Person liable hereunder of any other act, matter or thing pursuant to the provisions of this Charge,

and the foregoing indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(d) that the Chargee shall not be obliged to proceed against the Chargor or any other person liable hereunder or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor herein set out and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any debt or obligation of the Chargor or any other Person liable hereunder or the enforcement of any security for any such debt or obligation;

(e) that the Chargee may grant any extension of time for payment, increase the rate of interest payable under this Charge, renew or extend the term of this Charge, release the whole or any part of the Property or other security from this Charge or otherwise deal with the Chargor, all without in any way releasing the Guarantor from his covenant hereunder;

(f) that the Guarantor has read this Charge and the other Loan Documents and is fully aware of its terms and their terms and in particular the terms of this Section 34;

(g) that the Chargee, as it sees fit, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and all existing securities up to, and abstain from taking securities from or perfecting securities of, and may compromise, compound, and accept compositions from, and may otherwise deal with, the Chargor and all other Persons liable upon any collateral or other security which the Chargee may at any time hold, without notice to the Guarantor and without changing or in any way affecting the undertaking of the Guarantor hereunder; and

(h) that where there is more than one Guarantor, each Guarantor agrees with the Chargee to be jointly and severally responsible with all other Guarantors and the Chargor for all Indebtedness and obligations of the Chargor under this Charge and the other Loan Documents.

35. SEALED COVENANTS

Each Person signing this Charge (whether as a Chargor or a Guarantor) agrees that each promise and agreement made in this Charge shall be treated as if made by each of them respectively under seal.

36. ADDITIONAL PROVISIONS

Land Registration Reform Act. The covenants set out in Section 7(1) of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended from time to time, are excluded from this Charge; and

Ontario New Home Warranties Plan Act. If the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c. O.31, as amended from time to time, applies to the Property, the Chargor agrees to comply with its requirements and to reimburse the Chargee on demand for any costs which the Chargee incurs in complying with it or enforcing the Chargor's rights on the Chargor's behalf if the Chargor fails to do so and such costs will be added to the Indebtedness and will bear interest at the Interest Rate and shall be secured by this Charge.

DATED the 22nd day of September, 2008.

FIRST NATIONAL FINANCIAL GP CORPORATION

By:

Stephen Smith
President

I have the authority to bind the corporation.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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President's Choice FINANCIAL

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200826 Date
Filing Date Oct. 21st 2008 Date de dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

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Ontario
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Standard Charge Terms
Land Registration Reform Act

Filed By	CIBC Mortgages Inc
Filing Number	
Filing Date	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms.

Mortgage means:

- the Charge/Mortgage of Land which is the part of this mortgage that is or will be registered against the title to your property;
- this set of Standard Charge Terms;
- any Schedules that are attached to the Charge/Mortgage of Land; and
- any renewals or amendments.

You and **your** mean each person, corporation, and other entity who has signed the mortgage as a borrower. This includes the personal and legal representatives of each person, corporation and other entity.

We, us, and **our** mean CIBC Mortgages Inc.

CIBC means Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. It includes all buildings and structures on the land now or added later, as well as anything now or later attached to the land or to any building or structure on the land. This includes any improvements, substitutions, additions or alterations made to any building, structure or the land. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount is the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Your regular payment means the amount of each payment as described on the Charge/Mortgage of Land.

Loan amount means the amount of money you owe us at any given time under this mortgage. It is the balance you owe on the loan. The loan amount may include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other charges and interest on other charges. Other charges may include the expenses of enforcing our rights as well as paying off any prior charges against your property. These may include such things as:

- costs for preparing and registering this mortgage;
- costs for providing insurance, if we decide to insure your property;
- costs for inspecting your property;
- all of our administrative and legal costs; and
- paying any charges or liens against your property that we have not agreed to in our loan approval document such as taxes owing on your property.

Interest Adjustment Date is the date identified as the interest adjustment date in the mortgage.

CIBC Prime Rate is the annual variable reference rate of interest that CIBC declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Mortgage Year means the 12-month period following the interest adjustment date and each anniversary of the interest adjustment date.

2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property to us. In return, we make a loan to you for the principal amount, or any part of the principal amount as is advanced to you from time to time. This means that your interest in your property is security to us for repayment of the loan amount and your performance of all your obligations under the mortgage.

You agree to pay the loan amount as required by the mortgage, and to meet all of your other obligations under this mortgage, including paying all taxes on your property. You agree to make all payments required by this mortgage in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts. You agree not to cancel, offset or reduce any payments that you have made or that you are required to make.

Our interest in your property ends when you have repaid the total loan amount, as provided in the mortgage, and you have met all of your obligations under this mortgage.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have the right to give us this mortgage.

If you are a tenant or a lessee of your property, you charge and sublease your entire interest in your property to us for the entire term of the lease (except the last day), including any renewals. Your interest in your property includes any option or right of first refusal to purchase.

In all cases, you also certify that there are no encumbrances or limitations affecting title to your property, except those that we have agreed to in our loan approval document and except building and zoning by-laws that you have complied with. Examples of an encumbrance or limitation would be another mortgage or a lien.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been completely charged to us so that our loan to you is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that all of your interest in the property has been charged to us.

You agree to pay us all of our costs, including any legal fees and expenses, for investigating the title to your property and registering the mortgage. You must pay these amounts to us immediately. If you do not pay them, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person, corporation and other entity who signed it. This means that each borrower and guarantor is responsible for meeting all obligations in this mortgage and paying the entire loan amount, *even if* others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Our successors and anyone to whom we transfer this mortgage is also obligated by this mortgage.

2.3 Changing or renewing this mortgage (also important to anyone who has a subsequent interest in your property)

We may make written agreements with you to change any part of this mortgage. These agreements could include renewing the mortgage, amending the mortgage, or extending the length of time for the mortgage. These agreements may or may not include a change in the interest rate.

We do not have to register these agreements on the title to your property to retain our rights under the mortgage. Even if we do not register these agreements, this mortgage, as renewed, extended or amended, maintains priority over anything else that may be registered against the title to your property after the mortgage.

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Any new agreement we make with any borrower or any other person who is obligated to pay the loan amount will not release or affect the liability of others who are obligated under this mortgage, even if they do not sign or are not advised of the new agreement.

2.4 Building mortgage

If the mortgage is used to finance an improvement, you agree to make the improvement only according to plans and specifications that we have approved. Improvements include any construction or installation on your property or any alteration, addition or repair to any building or structure on your property.

You must complete the improvement as quickly as is reasonably possible and must meet all government requirements and building standards that apply to your property. If we ask you to, you will provide us with proof that you have met all government requirements and building standards that apply to your property. You must pay for all costs associated with providing this proof.

You will be responsible for all costs related to the improvement and will provide us with proof that you have paid all money that is owed in connection with the work.

We may make advances to you based on progress in completing the improvement or upon its completion. In the case of a building, we may also make advances to you based on its occupancy or the sale of the building. You agree to pay us our administration and processing fees in effect at the time for any advances we make that are based on progress. You must pay us these administration and processing fees immediately. If you do not pay them, we may declare that you are in default on the mortgage, or add the fees to the loan amount, or do both.

We may hold back money from any advances until we are satisfied that all obligations under the *Construction Lien Act* are met. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

We may obtain an order removing any construction lien, and, if we think it is necessary, we may provide financial guarantees or other security to obtain such an order. You must immediately pay all of our expenses for this, including any charges for providing financial guarantees. If you do not pay these expenses, we may declare that you are in default on the mortgage, or we may add the amount payable to the loan amount, or we may do both.

2.5 Making material changes

Any agreement, whether verbal or in writing, to make material changes to the mortgage terms and conditions will apply not only to those who agree to the changes but also to any person who signed the original Charge/Mortgage of Land, including guarantors, but did not receive notice of the changes or agree to the changes in writing. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of the mortgage.

2.6 Mortgages with deposits

If required under the terms of your mortgage loan, you will deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days of the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

3. Interest

3.1 Interest rate

You will find the interest rate on the Charge/Mortgage of Land or on the Schedule attached to the Charge/Mortgage of Land.

Interest is payable on the loan amount at this rate until the total loan amount has been paid, both before and after the balance due date, before and after default, and before and after we obtain any court judgment against you.

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3.2 *Payment frequency*

Interest is payable at the frequency shown on the Charge/Mortgage of Land.

3.3 *If you have a fixed interest rate mortgage*

If you have a fixed interest rate mortgage, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

3.4 *If you have a variable interest rate mortgage*

(applies ONLY to a Variable Rate Mortgage, Special Variable Rate Mortgage, Variable Rate Closed Mortgage and Variable Rate Open Mortgage)

Because the interest rate on your loan is variable, the interest rate in effect at any particular time is called your current mortgage rate.

If you have a **Variable Rate Closed Mortgage**, a **Variable Rate Open Mortgage**, or a **Special Variable Rate Mortgage**, the interest rate will be the CIBC Prime Rate, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The CIBC Prime Rate will vary from time to time. The principal and interest payment will be recalculated every time the CIBC Prime Rate changes, based on the current mortgage rate and the remaining amortization period of the mortgage.

If you have a **Variable Rate Mortgage**, the interest rate will be the CIBC Prime Rate in effect on the first day of each month, plus or minus the number of percentage points, if any, as shown on the Charge/Mortgage of Land. The interest rate will be adjusted on the first day of each month. However, the first interest rate adjustment will not occur until three months from the interest adjustment date.

For all variable rate mortgages, interest is compounded semi-annually, not in advance. Interest is calculated on each regular payment date. Although the annual interest rate is based on a full year, if the mortgage is prepaid or paid off in February of a leap year, daily interest will be calculated on the basis of a 29-day month.

The interest rate will change **automatically** every time there is a change in the CIBC Prime Rate. These changes will occur without you being notified.

Within a reasonable time after each change in the CIBC Prime Rate, we may send you a letter telling you the current mortgage rate, and the date it became effective, and if applicable, the new principal and interest payment amount. We will mail this letter to the address we have on file for you. The interest rate will still vary whether or not we have sent you a letter about the change, or whether you have received the letter. However, if we do send you the letter, we may continue to accept or process the same payment amount that we processed before the change in the CIBC Prime Rate until a reasonable time after the letter was sent to you. You can always find the current CIBC Prime Rate at any CIBC branch in Canada.

Interest is calculated half-yearly, not in advance, within the meaning of the *Interest Act* (Canada).

If there is a need to prove the CIBC Prime Rate in effect at any time, you agree that a certificate from us stating the rate will be considered as conclusive evidence of the rate in effect at that time.

3.5 *Deferred Interest/Negative Amortization*

If your regular principal and interest payment is not sufficient to cover the interest on the mortgage from one regular payment date to the next, the interest outstanding is called deferred interest. Deferred interest is added to the outstanding principal balance on your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal, and interest is charged on it at the current mortgage rate.

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3.6 Interest on amounts advanced to you before the interest adjustment date

If this is a fixed rate mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated using the rate and method in effect for your mortgage on the date we advance you the money. You can find out what this rate is by contacting us or any CIBC branch in Canada.

If this is a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage, interest on any part of the principal amount that we advance to you before the interest adjustment date will be calculated in the manner outlined in the Charge/Mortgage of Land and the rate will be the lower of the following two rates:

- the initial interest rate set seven days before the date of advance; and
- the current mortgage rate in effect on the date of advance.

If this is a building mortgage, interest on progress advances is calculated daily. It is payable monthly up to the interest adjustment date established for the initial term of the mortgage. We may deduct the interest owing on any advance from future advances, without making any adjustment. In cases where more than 30 days have passed between advances, you must pay interest on previous advances as soon as it is invoiced or deducted from your account. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. We will deduct any interest owed on the interest adjustment date established for the initial term of the mortgage from the last substantial advance.

3.7 Interest on overdue amounts

If you do not make the regular mortgage payment or any other payment when required, we will charge interest on **all** overdue amounts, including unpaid interest. The rate we will use is shown on the Charge/Mortgage of Land and is payable both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you. If we demand, you must pay us this additional interest immediately both before and after the balance due date, before and after default, and before and after any court judgment we obtain against you.

3.8 Interest adjustment when payment frequency changes

If you are not in default on your loan, you may change your payment date or payment frequency to any of the options available for your type of mortgage at the time you make the change. If you choose to change your payment date or payment frequency, an interest adjustment amount and an administration and processing fee may be payable. You must pay the interest adjustment amount and any administration or processing fee immediately. If you do not pay these amounts, we may declare that you are in default on your loan, or we may add the interest adjustment and administration or processing fees to the loan amount, or we may do both.

3.9 Increase and Blend

[(does NOT apply to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages, Variable Rate Open Mortgages, or Auto 6 Plus (Convertible 6) Mortgages)]

As long as you meet our mortgage approval criteria, including those relating to the borrower and mortgage terms, you may:

- increase the principal amount secured; and/or
- extend the term of the mortgage.

If you do either or both of these, the interest rate that will apply will be blended to reflect the existing mortgage rate, the prevailing rates, prepayment charges, and administration and processing fees, if any.

3.10 U.S.A. resident

If you are, or if during the term of the mortgage you become, a resident of the United States of America (U.S.A.) for tax purposes, a tax is imposed by the U.S.A. taxing authorities in connection with your payment of interest to us.

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In these cases, the interest rate on your mortgage is or will be based on our normal lending rates multiplied by 1.1111. This is done to cover our obligations to remit this tax to the U.S.A. tax authorities.

We may change this formula any time during the term of your mortgage if the Government of the U.S.A., or any authorized taxing authority in the U.S.A., makes a change to the amount of tax to be paid.

For example, if you are a resident of the U.S.A. when you sign the mortgage, and the normal lending rate is 6.250% a year, your interest rate will be 6.944% a year. This is equal to 6.250% x 1.1111.

Or, if you become a resident of the U.S.A. during the term of the mortgage and the interest rate at the time you become a resident of the U.S.A. is 6.250% a year, your new interest rate will be 6.944% a year, which is equal to 6.250% x 1.1111.

4. Payments on the loan amount

4.1 Currency and place of payment

You will pay the loan amount to us in Canadian dollars at the address shown on the Charge/Mortgage of Land.

In some cases, we may write to you to tell you to send your payments to a different address. If we do this, you must send your payments to that different address.

4.2 Regular payments

You must make regular payments to us for the principal and interest. The amount of each payment and the payment dates are shown on the Charge/Mortgage of Land. You must make these payments starting with the first payment date up to and including the last payment date.

You must pay any outstanding balance of the loan amount on the balance due date. You can find the balance due date on the Charge/Mortgage of Land.

4.3 Bank account for payments

You must maintain a bank account that is satisfactory to us with a Canadian financial institution and give us authorization to automatically deduct each payment of principal, interest, taxes and life insurance premiums (if applicable) when they are due.

You must make sure that the account always contains sufficient funds to meet each payment amount. If you don't maintain sufficient funds in the account, or if you cancel the authorization to deduct payments, or if you close the account, we will consider you to be in default on your mortgage. In these cases, you agree to pay us immediately our administration and processing fees in effect at that time for any actions that we have to take. If you do not immediately pay us these fees, we may declare that you are in default on your loan, or add these fees to the loan amount, or do both.

4.4 Payments on amounts advanced to you before the interest adjustment date

We may advance to you part of the principal amount before the interest adjustment date. In these cases, we will decide which of the following methods will be used to pay interest on the amount advanced to you before the interest adjustment date:

- we may ask you to pay the interest on this amount on the interest adjustment date;
- we may deduct the interest from your bank account on the interest adjustment date;
- we may deduct the interest from the remaining amount of the principal that we advance to you; or
- we may deduct the interest from your bank account on the first regular payment date.

4.5 *The effect of variable interest rates on your payments*

(applies ONLY to Variable Rate Mortgages, Special Variable Rate Mortgages, Variable Rate Closed Mortgages, and Variable Rate Open Mortgages)

If you have a variable rate mortgage, the interest rate on your mortgage will change from time to time. However, your regular principal and interest payment may be fixed for the term of the mortgage, unless you change your regular payment as allowed by this mortgage.

Your regular payments are applied first to interest owing on the outstanding principal amount up to the date of the payment. The rest of the payment, if any, is applied to the principal amount based on the rules outlined in section 4.8 below. If the interest rate increases, a larger portion of your regular payment will be applied to interest and a smaller portion of your regular payment will be applied to the principal amount. The result will be that you may owe more on the balance due date than was originally stated in the Mortgage Disclosure Statement.

If the interest rate increases to the point that your payment amount no longer covers the interest owing on your mortgage, you may be required to increase the amount of your regular payment so that the mortgage will be repaid over the remaining balance of the original amortization period. The rate of interest that will cause this to happen is stated in the Mortgage Disclosure Statement that you signed.

4.6 *Payment on default*

If you do not meet one or more of your obligations under the mortgage, including your obligation to make payments, you must immediately pay to us all outstanding amounts. We also have the right to change your payment dates to once a month, and require you to pay principal and interest, taxes and life insurance premiums (if applicable) on a monthly basis. If we do this, we may require you to pay interest up to the first day of the following month. You must pay this interest within 15 days of notice from us. If you do not, we will add this interest to the loan amount. We may also use any of our rights stated in section 4.7 below.

4.7 *Demand to repay the total loan amount immediately*

We may require you to repay the total loan amount immediately if:

- you do not make any payment required by the mortgage;
- you do not meet one or more of your obligations under the mortgage;
- we discover that a statement, certification, or representation you made to us or an agreement you made with us in this mortgage, or when you applied for the mortgage, is not true;
- we receive notice of a construction lien, conditional sale agreement, notice of security interest or other lien registered against the title to your property;
- any buildings being erected on your property, or any additions, alterations or improvements done to your property, remain unfinished without work being done on them for 10 consecutive days; or
- your property is abandoned.

If any one of these circumstances listed above occurs, you are not meeting your obligations under this mortgage.

4.8 *How we apply your payments*

We will apply payments we receive from you in the following order:

1. To pay any life insurance premiums on the mortgage.
2. To bring into good standing any accounts related to the mortgage for which we are holding funds for payment to others, including tax accounts.
3. To pay for the cost of optional services made available by us and selected by you.
4. To pay any collection expenses or any applicable administration and processing fees.
5. To pay interest or reduce the interest (including deferred interest, and any outstanding or late interest charges) on the principal amount accumulated up to, but not including, the payment date.

6. To reduce the principal amount.

However, if you do not meet one or more of your obligations under your mortgage, we may apply any payments or any other money we receive during the period of default in whatever order we choose. You can always contact us to find out the amount of interest in arrears at any time, if any.

Here is an example of how payments are normally applied and how you can estimate how much of your regular payment will be applied to principal and how much will be applied to interest. The result you get will only be an estimate. We use a precise formula to calculate these amounts, which has been simplified for the example. As a result, the actual amounts may be higher or lower than the estimates. You can contact us to find out exactly how each of your payments is applied.

Example of how to estimate how much of your payment is applied to principal and how much is applied to interest

Mary and Sebastian have a variable rate mortgage with monthly payment dates. Every month, they pay $557.50. Of this payment, $62.00 is for life insurance premiums and $55.00 is for estimated taxes. At the last payment date, the principal amount they still owed was $87,500.00. Their current mortgage rate for the period is 4.000%, and there are 28 days in the current payment period.

In addition, they owe the following amounts:

Deferred Interest:	$40.00
Collection Expenses:	$45.00

Here is how they can estimate how much of their next payment will be applied to interest and how much will be applied to principal.

Step 1: Total payment	$557.50
Step 2: Subtract life insurance premium	$62.00
Step 3: Subtract estimated taxes	$55.00
Step 4: Subtract collection expenses	$45.00
Step 5: Estimate and subtract interest on the principal amount	

Interest on the principal amount can be estimated using the following formula:

$$\begin{array}{c}\text{Principal}\\\text{Amount}\end{array} \times \begin{array}{c}\text{Current}\\\text{Mortgage Rate}\end{array} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$87{,}500.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$268.49$$

Step 6: Subtract deferred interest owing	$40.00
Step 7: Estimate and subtract interest on the deferred interest	

Interest on deferred interest can be estimated using the following formula:

$$\begin{array}{c}\text{Deferred}\\\text{Interest}\end{array} \times \begin{array}{c}\text{Current}\\\text{Mortgage Rate}\end{array} \times \frac{\text{Number of Days in the Payment Period}}{365}$$

$$\$40.00 \times \frac{4}{100} \times \frac{28}{365} \qquad \$0.12$$

Step 8: Estimated amount left to be used to reduce the principal amount	$86.89

4.9 *Changing the amount of your regular payments*

To qualify for increasing or decreasing your payments, you must meet the following conditions:

- you must have met all your obligations under the mortgage,
- your property must contain no more than four living units, or be a single residential condominium unit; and

- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you have a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, or a *Variable Rate Open Mortgage*, *once each* mortgage year you may increase the amount of your regular payment to any amount, without paying a prepayment charge as long as the amortization period is not reduced to less than five years. Once each mortgage year, you may also decrease the amount of your regular payment without paying a prepayment charge as long as the resulting amortization period is not longer than the remaining time left in the original amortization period. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

If you have a fixed rate mortgage with a term of 2 years or longer (other than a Basic Mortgage) or an Auto 6 Plus (Convertible 6) Mortgage or Auto 12 Plus (Convertible 12) Mortgage, once each mortgage year, you may increase the amount of your regular payment by up to 25% of the original payment amount, without paying a prepayment charge. However, this amount is limited to 15% if you have an Auto 6 Plus (Convertible 6) mortgage. Once each mortgage year, you may also decrease the amount of your payment, but only if the amortization period for the mortgage which results from that decreased payment amount does not exceed the remaining amount of time left in the original amortization. These privileges are non-cumulative. This means that you cannot carry forward unused allowable increases or decreases in payments to future mortgage years.

If you have a Basic Mortgage, you may not increase or decrease your regular payment amount.

4.10 *Prepaying your open mortgage without paying a prepayment charge*

(applies ONLY if you have a variable rate open mortgage)

If you have a **Variable Rate Open Mortgage**, you may prepay any part of the outstanding loan amount on a regular payment date or the full outstanding loan amount at any time without a prepayment charge. To qualify, you must meet the following conditions:

- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units, or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

4.11 *Prepaying your closed mortgage without paying a prepayment charge*

If you have a **fixed rate mortgage, with a term of 2 years or longer (other than a Basic Mortgage) a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, an Auto 6 Plus (Convertible 6) Mortgage, or an Auto 12 Plus (Convertible 12) Mortgage**, each mortgage year, you may prepay up to 20% of the original principal amount without paying a prepayment charge. However, this amount is limited to 10% if you have an Auto 6 Plus (Convertible 6) mortgage. The following conditions apply:

- you may only make a prepayment on a regular payment date;
- the minimum prepayment is $100.00;
- if you do not use any or all of this privilege in a mortgage year, you cannot carry forward any unused portion of the privilege to a future mortgage year;
- this right of prepayment without paying a prepayment charge does not apply if you prepay the entire principal amount of the mortgage, even if you have not used this privilege in the mortgage year when the mortgage is paid off;
- you must have met all your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property may be used for commercial, industrial or other non-residential purposes.

If you have a **Variable Rate Mortgage** or a **Special Variable Rate Mortgage**, you can make a partial prepayment that is more than the 20% allowed or prepay all of the outstanding principal amount in the fourth and fifth year of the term without a prepayment charge. However, any partial prepayment must be made on a regular payment date.

4.12 Prepaying the loan amount with prepayment charges

Prepayment charges will be payable in addition to regular interest at the rate specified in your mortgage and, where applicable, interest in connection with payments we have not processed between the date on which you made your last regular payment and the prepayment date.

Ordering the mortgage payout statement

If you want to prepay the **entire** outstanding principal amount of your mortgage, you can ask us to provide you with a statement of the amount required to pay off your mortgage loan amount. You can specify the date you wish to make the full prepayment. However, the date you select cannot be more than 30 days after the date you ask us to prepare the statement. The date you choose is called the Statement Effective Date.

We will not process any mortgage payments, or any other payments that we receive, between the date we prepare the mortgage payout statement and the Statement Effective Date. We will charge you interest on accrued interest on any amounts we do not process during this time, including your regular mortgage payments. Note that the interest on accrued interest for payments and amounts not processed during this time will be charged in addition to regular interest at the rate specified in your mortgage.

If you do not pay off your mortgage on the Statement Effective Date, we will, within 60 days following the Statement Effective Date, process all mortgage payments, and any other payments, that we did not process between the date we prepared the mortgage payout statement and the Statement Effective Date.

After the end of the fifth year of your mortgage

If the term of your mortgage is greater than five years and you are not a corporation, you may prepay the entire outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us a prepayment charge equal to three months' interest on the amount you prepay. Interest costs will be calculated at your mortgage interest rate that is in effect on the prepayment date.

Before the end of the fifth year of your mortgage

To take advantage of any of the following prepayment privileges, the following conditions apply:

- you must have met all of your obligations under the mortgage;
- your property must contain no more than four living units or be a single residential condominium unit; and
- no part of your property is used for commercial, industrial or other non-residential purposes.

Prepaying your Basic Mortgage

On each anniversary date of the interest adjustment date, you may prepay up to 10% of the original principal amount, as long as you pay a prepayment charge equal to three months' interest on the amount prepaid. The prepayment charge will be calculated using your annual interest rate in effect on the date of prepayment, plus any discount you received on your annual interest rate. This privilege is non cumulative. This means that you cannot carry forward any unused allowable prepayments to future anniversary dates of the interest adjustment date.

This mortgage is closed, and other partial prepayments are not permitted. However, you may pay off the full amount of the mortgage at any time after the third anniversary of the interest adjustment date (or any renewal of the interest adjustment date), but only if you pay three month's interest cost on the amount prepaid. We will calculate interest at annual interest rate in effect, plus any discount you received on your annual interest rate, on the date we prepare the mortgage payout statement.

Prepaying your Variable Rate Closed Mortgage

If you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to three months interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at CIBC Prime Rate on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to three months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be CIBC Prime Rate on the date we generate the mortgage payout statement.

Prepaying your Variable Rate Mortgage or Special Variable Rate Mortgage

If, during the first three years of the term, you want to prepay more than the 20% allowed in any mortgage year, a prepayment charge will apply.

If you are making a **partial** prepayment, the prepayment can only be made on a regular payment date. The prepayment charge will be equal to two months' interest on the amount of your prepayment that is more than the 20% allowed in any mortgage year. The interest costs will be calculated at CIBC Prime Rate on the date of prepayment.

If you are paying the **entire** outstanding principal amount, the prepayment charge will be equal to two months' interest on the total amount you are prepaying. The interest rate we will use to calculate the prepayment charge will be CIBC Prime Rate on the date we generate the mortgage payout statement.

Prepaying your Auto 6 Plus (Convertible 6) Mortgage or Auto 12 Plus (Convertible 12) Mortgage

You may only make a prepayment more than what is allowed in section 4.11 above if you pay off the full amount of the mortgage at any time, but only upon an arm's length sale of the property with supporting documentation. In this case, you must pay a prepayment charge equal to 1% of the outstanding principal balance of the mortgage on the date of prepayment.

Prepaying a fixed rate mortgage with a term of two years or longer (other than a Basic Mortgage)

If you want to prepay more than what is allowed in section 4.11 above in a mortgage year, a prepayment charge will apply.

The prepayment charge will be the higher amount of the following two amounts, each of which will be calculated by us using a method determined by us from time to time at our discretion:

- three months' interest costs on the amount that is subject to a prepayment charge, calculated at your existing annual interest rate on the date of prepayment (plus any discounts you received on your existing annual interest rate); or
- the interest rate differential amount.

If you are making a **partial** prepayment, the interest rate differential amount is the **difference** between the following two amounts:

1. The interest costs on the amount prepaid charged from the prepayment date to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).

2. The interest costs on the amount prepaid, calculated at the reinvestment rate from the prepayment date to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date of prepayment for a closed President's Choice Financial brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
   - the remaining term of your mortgage;
   - the features of your mortgage; and
   - whether you have a conventional or a high-ratio mortgage.

If you are prepaying **all** of the outstanding principal amount, the interest rate differential amount is the **difference** between the following two amounts.

1. The interest costs on the amount prepaid charged from your last scheduled regular payment date which falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The interest costs are calculated at your existing annual interest rate (plus any discount you received on your existing annual interest rate).

2. The interest costs on the amount prepaid, calculated at the reinvestment rate from your last scheduled payment date that falls on or before the prepayment date (whether or not the regular payment was made) to the maturity date of your mortgage. The reinvestment rate is the interest rate posted by us on the date we prepare the mortgage payout statement for a closed President's Choice Financial brand mortgage product which we determine to be similar to your mortgage. In determining what mortgage product is similar to yours, we will consider the following:
   - the remaining term of your mortgage;
   - the features of your mortgage; and
   - whether you have a conventional or a high-ratio mortgage.

4.13 Prepayments if the property has more than four living units or if the property is used for commercial, industrial or non-residential purposes

If your property has more than four living units or is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

4.14 Prepayment charges for U.S.A. residents

If you are a resident of the United States of America (U.S.A.) for tax purposes at the time you prepay your mortgage, any prepayment charges may be considered as "interest" for U.S.A. tax purposes. In these cases, we have the right to increase the prepayment charge by multiplying it by 1.1111 to cover the tax which may be imposed by the U.S.A. tax authorities on your prepayment charges.

4.15 Date of the mortgage

You agree that for purposes of defining the date of the mortgage for any statutory right of prepayment, renewal and early renewal, the date of the mortgage is the interest adjustment date. This is the case even if the mortgage or renewal agreement or early renewal agreement was signed on a different date.

4.16 Repaying the cash back option

If you have a mortgage that offered a cash back option, you may be required to repay us all or a portion of the cash amount received. You may be required to do this if, for any reason, any of the following occur before the maturity date of the mortgage:

- any of the terms and conditions of the original mortgage are changed;
- the mortgage is refinanced, or you convert the mortgage or renew the mortgage early;
- the mortgage is assumed;

- you sell your property and buy another property and we finance the new property under section 15, "Portability" in these Standard Mortgage Terms;
- the mortgage is paid out, assigned or discharged; or
- your property is sold under power of sale or foreclosure.

We will determine the amount and method of calculation for the amount to be repaid based on your mortgage documents.

The repayment of the cash received under a cash back option is separate from any prepayment charges or fees that are applicable to the mortgage.

We may add the repayment amount to the principal amount owing at the time the mortgage is amended, discharged, assumed, refinanced or when you take advantage of early renewal or portability.

5. Early renewal of fixed rate mortgages

(applies ONLY if you have a fixed rate mortgage)

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you cannot renew your mortgage early.

If your property contains no more than four living units, or if your property is a single residential condominium unit, you may renew the mortgage before the balance due date. However, the following conditions apply:

- you must have met all your obligations under the mortgage;
- you must apply to us in writing;
- you must select from the mortgage options that we offer under the President's Choice Financial brand at the time you apply for early renewal;
- you must sign a mortgage amending agreement or an early renewal agreement, in a form acceptable to us, which will contain all of the changed terms and conditions;
- the interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage amending agreement or the early renewal agreement;
- you must pay us any administration and processing fees that apply to early renewal;
- you must pay us applicable prepayment charges;
- you must pay us any accumulated interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to the early renewal of your mortgage, including the costs of registration of the renewal documents.

You must pay us all amounts related to the early renewal immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

6. Converting your mortgage

(applies ONLY if you have a Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage, a Variable Rate Open Mortgage, an Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage.

If you have met all your obligations under the mortgage, you may convert your mortgage to another President's Choice Financial brand mortgage with an interest rate and terms that we offer to you at the time you convert the mortgage. The following conditions apply:

- if you have a **Variable Rate Mortgage, a Special Variable Rate Mortgage, a Variable Rate Closed Mortgage or a Variable Rate Open Mortgage**, you may convert your mortgage to any type of mortgage then offered by us under the President's Choice Financial brand for National Housing Act insured loans with a fixed rate and with equal monthly payments and for a term of three years or longer, up to a maximum of five years if your property is rental property or a maximum of ten years if your property is owner-occupied;

- if you have an **Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage**, you may convert to any type of mortgage then offered by us under the President's Choice Financial brand having a term of more than one year;
- the mortgage conversion or amending agreement that we will require you to sign, will contain all changed terms and conditions of the mortgage option you select;
- the new interest rate will be the interest rate that is in effect for the mortgage option you select on the date you sign the mortgage conversion or amending agreement;
- the new payments will begin on the first or second scheduled payment date following conversion as determined by us;
- you must pay us any administration and processing fees that apply to converting the mortgage;
- you must pay us any interest that results from a change in the frequency of your regular mortgage payments, as well as any deferred interest; and
- you must pay all legal expenses related to converting your mortgage, including the costs of registration of the conversion documents.

You must pay us all amounts related to converting your mortgage immediately. If you do not pay them, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

Once the mortgage has been converted, the prepayment privileges of the original mortgage will no longer apply. Any prepayment privileges will be contained in the conversion or amending agreement that we will require you to sign.

7. Designated amount

(applies ONLY if you have a Variable Rate Mortgage)

The designated amount is equal to 105% of the original principal amount of the mortgage or may be another amount that we have agreed to in writing.

If at any time the outstanding loan amount exceeds the designated amount, we will require you to do one or more of the following:

- increase the amount of your regular payment so the mortgage will be repaid completely over the remaining time in the original amortization period;
- reduce the loan amount owing by making a lump sum payment to reduce the outstanding loan amount below the original principal amount; or
- convert the mortgage to a fixed rate mortgage according to the requirements outlined in section 6, "Converting Your Mortgage".

If you do not do so, we have the right to:

- require you to pay the entire loan amount immediately; or
- increase your regular payment amount so that the mortgage will be repaid completely over the remaining time in the original amortization period.

8. Automatic renewal of the mortgage

8.1 Automatic Renewal for an Auto 6 Plus (Convertible 6) Mortgage or an Auto 12 Plus (Convertible 12) Mortgage

The mortgage will be automatically renewed at the end of the term (6 or 12 months) for a term equal to the original term. The following conditions apply:

- You must have met all of your obligations under the mortgage.
- You must have maintained a satisfactory payment record.
- The interest rate charged during each renewal term will be the lower of our posted rate on the renewal date for this type of mortgage or the guaranteed renewal rate.

We will send you a letter outlining the guaranteed renewal rate 30 days before the end of each term. You may terminate this automatic renewal clause and pay out the mortgage in full at the end of any term by notifying us of your decision to do so at least 15 days before the end of the term.

8.2 *Automatic renewal for mortgages with an original term greater than 12 months*

You agree to either pay all money owing under the mortgage on the maturity date or to return the signed renewal agreement on or before the maturity date. If you do not, the mortgage will be considered to be renewed as an Auto 6 Plus (Convertible 6) Mortgage with the terms and conditions stated in the renewal agreement.

9. Your obligations related to your property

9.1 *Protecting your title and our interest*

You will take any necessary action to protect your title to your property. You also agree not to interfere in any way with our interest in your property.

9.2 *If you are a tenant or a lessee of your property*

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign the mortgage.
- You have met all of your obligations under your lease up to the date you sign the mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, or registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rents and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in the property and in your lease has been fully charged to us and that the loan amount is adequately secured. You will pay all costs and charges related to doing so.
- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require. You will have the same rights arising from this paragraph of your mortgage as you already have under the rest of the mortgage and under the law. You agree that we may remove you or any other person as trustee of this trust, and that we may appoint a new trustee.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under the mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your

interest in your property, including that person's legal and personal representatives and successors.

- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under the mortgage, including our right to sell your property under power of sale.

9.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. If we do this, you must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we may declare that you are in default on the mortgage, or we may add these amounts to the loan amount, or we may do both.

9.4 Insurance

(does NOT apply if your property is a single residential condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until the loan amount has been fully paid.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until the mortgage has been fully paid. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we may declare that you are in default on your mortgage, or add the amount to the loan amount, or do both.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money payable to us under this mortgage. You must pay all expenses related to this. You agree that if we produce the mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that is payable because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We have the right to decide how to use the insurance money. We may use part or all of the insurance money to:

- repair or rebuild your property,
- reduce any part of the loan amount, whether it is due or not, including paying any prepayment charges that are payable, or
- pay you.

9.5 Property taxes

On or before the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay current or future taxes.

After the interest adjustment date, you agree to pay us, on each regular payment date, a tax instalment in an amount based on the estimated annual taxes that will be payable for the year following that regular payment date. We have the right to determine the amount of the estimated annual taxes, and the amount of your tax instalments.

If you want to take advantage of any discount or to avoid any penalty or interest in connection with the payment of taxes, you must pay us the appropriate amount in addition to the instalments we calculate.

If the taxes on your property are more than our estimate, you will immediately pay us the difference when we ask you to.

You agree to send us all tax bills and other notices or communications related to taxes as soon as you receive them. If you do not, you must repay to us the cost of obtaining these notices. If you do not pay us, we will add these costs to the loan amount.

We do not have to hold any money you send to us to pay property taxes in trust for you and we do not have to pay you interest on the money you send us to pay property taxes. We do not have to pay property taxes more than once a year.

If you do not meet any one or more of your obligations under the mortgage, we may apply any money that we have received for property taxes to any portion of the loan amount. You agree to repay to us any costs we incur in paying your property taxes, including amounts charged by the taxing authority for providing information about your property taxes, for sending us your property tax invoices or for accepting property tax payments from us on your behalf. You agree that we may add these amounts to your tax instalments.

We may choose not to require that you pay property taxes to us, in which case you will be responsible for paying all taxes relating to your property. If this is the case, you will provide us with all of the receipted tax bills by the end of each calendar year. If you do not, you must repay to us the cost of obtaining these tax bills. If you do not pay us, we will add these costs to the loan amount. If, for any reason, you do not pay the taxes when required, then we will require that you pay the property taxes to us as described above.

9.6 Repairs

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair,
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property, or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we may declare that you are in default on your mortgage, or add the costs to the loan amount, or do both.

9.7 *Leasing or renting your property to another person*

If your property is approved by us as owner-occupied residential premises, you certify that no part of your property is rented or occupied by a tenant. You also agree **not** to rent or lease any part of your property, or enter into a tenancy agreement of any part of your property, or renew any lease (unless the renewal is provided for in a lease we have already approved), without first getting our written approval. We are under no obligation to approve your request to rent, lease, or enter into a tenancy agreement for any part of your property, or to approve the renewal of a lease on your property.

If your property is a rental property, we must consent to any rental. You also assign to us all leases, lease agreements and renewals, present and future, and all rents payable under these leases and agreements, and all rights under these leases and agreements as they affect your property. You must obtain our written approval before any future leases of your property are made, and before the renewal of any lease (unless it is a renewal provided for in a lease we have already approved).

If you lease any part of your property to another person in the future, you must do the following, if we ask you to:

- Sign and deliver to us an assignment of all leases, lease agreements, renewals, rents payable under the leases and agreements, and all rights contained in the leases, lease agreements and renewals that affect your property. The assignment must be suitable for registration and acceptable to us. We may also require that the assignment provide for obtaining estoppel certificates from tenants. We may also require that the assignment include specific assignments of leases. An estoppel certificate is a written statement from a tenant certifying, for example, the terms of the lease, or any promises made to them about the lease.
- Give us security on fixtures, equipment and other movable property or chattels as we may reasonably require.

You must pay all of our expenses related to the additional security. These expenses may include legal fees and registration costs.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will be considered to have done this to discourage us from taking possession of your property, as described in the *Mortgages Act*.

If you are not meeting one or more of your obligations under the mortgage and you rent out any part of your property without our written approval, you will also be considered to have done this to adversely affect the value of our interest in the property, as described in the *Mortgages Act*.

If you do not meet one or more of these obligations related to leasing or renting out your property, or if one or more of the certifications you made to us related to leasing or renting out your property is not true, then we may require you to pay the full loan amount immediately. If we do this, we may pay any tenants what is necessary to obtain their cooperation in showing and selling your property and to obtain possession of your property from the tenant. You agree that these payments will be a cost of enforcing our security, and that they will be added to the loan amount. You also appoint us as your attorney and agent to enforce the terms of any lease or agreement you entered into, and to cancel or terminate any lease or agreement.

We are not obligated to collect any rent or income from your property. We are also not obligated to comply with any part of a lease or agreement related to your property.

Nothing we do under this section will be considered as us taking possession of your property.

9.8 *Hazardous or illegal substances, environmental regulations, and illegal activities*

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances,

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except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If your mortgage is insured by Canada Mortgage and Housing Corporation (CMHC) or other mortgage insurer approved by us from time to time, the mortgage insurer, or its agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that they consider necessary. You are responsible for the costs of any testing, assessment, investigation or studies, including interest at your mortgage rate. You must pay us these costs, including interest, immediately and they will be a charge on the property.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and must have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for all of the costs associated with this.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we, or the mortgage insurer, enforce our rights under this section, we, or the mortgage insurer, will not be considered to have taken possession, management or control of your property. This also applies to our agents and agents of the mortgage insurer.

9.9 *Ontario New Home Warranties Plan Act*

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in complying with its requirements, or enforcing your rights on your behalf if you fail to do so.

9.10 *Possession of your property on default*

You certify to us that if you fail to meet any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference.

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10. Condominium

(applies ONLY to property that is a condominium unit)

10.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

10.2 Payment of amounts and common expenses

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

10.3 Notices and demands

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

10.4 Voting rights

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

10.5 Acceleration of repayment of the loan amount

At our option, the loan amount will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;

- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act,1998*, its declaration, by-laws or rules and regulations;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or
- the condominium corporation fails to insure all the condominium units and common elements as required by section 10.6 of these Standard Charge Terms and according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

10.6 Insurance

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. The insurance company or companies must be approved by us.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However, we are not obligated to do this.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the loan amount whether or not it is due, including paying any prepayment charges that result.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

11. Our rights

11.1 We are under no obligation to make advances to you under the mortgage

We may, for any reason, decide not to advance you all or any part of the principal amount, even if:

- you have signed this mortgage;
- this mortgage has been registered; or
- we have already given you part of the principal amount.

In this case, you will pay us, when we demand, all of our costs and expenses related to investigating title to your property and for registering the mortgage. These costs will include legal fees, charged on a "substantial indemnity" basis. You will pay us these costs immediately. If you do not pay them, we may declare you to be in default on the mortgage, or add them to the loan amount, or do both.

11.2 Releasing your property from the mortgage

We may release our interest in all or part of your property, whether or not we receive any value. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the loan amount. Your obligations, and the obligations of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

11.3 Enforcing our rights

If you do not make one or more payments when required or if you do not meet one or more of your other obligations under the mortgage, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any encumbrances or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under the mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
  - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
  - its own commission as receiver;
  - all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing;
  - interest owing under the mortgage; and
  - all or any part of the loan amount, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the loan amount.
- **Lease your property or collect rents.** If you are in default on the mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on the mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on the mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under or in connection with any lease, after paying all costs and expenses, to any part of the loan amount. We will only be accountable for the money remaining after payment of all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Power of sale.** If you are in default on the mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act*, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale, after paying all costs and expenses, to reduce any part of the loan amount. We will only be responsible for the money remaining after we pay all costs and expenses when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the loan amount in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive

from the sale of your property is less than the loan amount, you must pay us the difference.

- **Cure any defaults.** We can cure any defaults under the mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under the mortgage, as well as a reasonable allowance for the time and services of our employees and CIBC employees.

11.4 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under the mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage. If we do either of these things, we may still:

- require you to make all payments on time and meet your obligations under the mortgage;
- require payment of the loan amount if you are in default; and
- require any other person, including a guarantor, who has obligations under the mortgage, to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage, including any guarantor, to pay the total loan amount.

11.5 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you, or a guarantor. However, by doing so, we are not forgiving any other existing default by you or a guarantor, or any other defaults by you or a guarantor in the future.

11.6 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under the mortgage, including our right to receive interest as required by the mortgage.

11.7 Doctrine of consolidation

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

11.8 Administration and processing fees

In addition to the administration and processing fees outlined elsewhere in these Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any assumption statement, amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and

- any other reason related to the administration of your mortgage.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the loan amount. We will charge you interest on these fees at the mortgage rate from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on your mortgage, or add these fees to the loan amount, or do both.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available from any CIBC branch in Canada, or by contacting us.

11.9 Certain actions we can take

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses that we incur in collecting any payment under the mortgage that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you are a tenant or a lessee of your property, we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

If you do not meet one or more of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on the mortgage, or add these amounts to the loan amount, or do both.

Any payments we make under the mortgage will be added to the loan amount. We will charge you interest on these payments from the date we pay them at the interest rate specified in your Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

12. What happens if your property is sold or transferred

If you transfer title, or agree to transfer title, to your property to anyone without first obtaining our written approval, we may require you to pay the entire loan amount immediately. Accepting any payment from any person who we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the full loan amount immediately.

You agree to give us sufficient information to enable us to decide whether we should give our written approval. After we have received this information, we will make our decision as soon as possible. We will not unreasonably withhold our approval.

If you exercise this privilege, there may be an administration and processing fee. You must pay us these fees immediately. If you do not, we may declare you in default on the mortgage, or add these amounts to the loan amount, or do both.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee, if:

- we give our written approval to you to transfer title to your property;
- the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer of title takes place; and
- you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons, and, if we request it, one or more guarantee agreements.

13. Guarantee

Each person who signs the mortgage as a guarantor signs as a principal debtor and not as surety. This means that each guarantor agrees:

- to pay us the loan amount as and when required by the mortgage in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts; and
- to meet all other obligations of the borrower under the mortgage.

Each guarantor agrees to this in return for us making the loan to the borrower (which includes the borrower's legal and personal representatives, successors and assigns).

If there is more than one guarantor, the guarantors are responsible jointly and individually with each other and with the borrowers for meeting all obligations under the mortgage. This means that each individual guarantor is responsible for meeting all obligations under the mortgage, including payment of the entire loan amount.

We may, at any time or times, do any of the following, without notifying any guarantor and without obtaining the consent of any guarantor:

- extend the time for payment;
- give a renewal;
- amend any agreement;
- give an extension;
- deal with additional security;
- give a release or discharge;
- change the interest rate;
- change the terms of the mortgage; and
- deal with any other matter affecting the mortgage and the borrower's obligations.

Doing any of these things will not in any way affect the guarantee or the obligations of any guarantor.

We may require payment from any guarantor before we attempt to obtain payment from the borrower. All obligations of any guarantor will also be obligations of the guarantor's heirs, executors, successors or personal representatives. The obligations of a guarantor will not be affected by the bankruptcy of the borrower or any guarantor.

14. Assumption of the mortgage

If you are not the original borrower, you agree to all obligations of the original borrower under the mortgage as if you had signed the original mortgage.

15. Portability

If you have met all your obligations under the mortgage and you have agreed to sell your property and purchase another property within 90 days of the sale of your original property, we may provide financing for the purchase of the new property. The following conditions apply:

- You must apply in writing.
- You will be required to give us a mortgage on your new property.
- The sale of your original property must be in good faith and be an "arms-length" sale. In most cases, an arm's length sale is one where the buyer and seller are unrelated. That is, they have no personal or business relationship with each other. If the buyer and seller do have a personal or business relationship, the sale must be at a fair market value to be considered "arms-length".
- On the date you complete the sale of your original property, an amount sufficient to pay the principal amount, interest to the date of the new mortgage and any prepayment charges due under this mortgage will be held by us. We will release these funds when the new mortgage is registered, as long as it is registered within 90 days. If it is not registered within 90 days, we will apply the amount held by us to prepay the mortgage in full, including any prepayment charges and administration fees that may apply.
- You will continue to make regular payments under this mortgage.
- The term of the new mortgage must be equal to the remaining term of the original mortgage.
- If the principal amount of the new mortgage is the **same as** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage.
- If the principal amount of the new mortgage is **less than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate applicable to the original mortgage will apply to the new mortgage. In this case, we will **not** refund to you any prepayment charge you paid **on that part of** the amount of the outstanding principal amount of the original mortgage that is greater than the principal amount of the new mortgage.
- If the principal amount of the new mortgage is **greater than** the principal amount still owing on the original mortgage on the date of prepayment, the interest rate for the new mortgage will be:

Original Mortgage Type	Interest Rate
Variable rate mortgage	The variable interest rate for this mortgage.
Fixed rate mortgage (with a remaining term of 24 months or less)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed President's Choice Financial brand mortgage product similar to yours having a 24-month term.
Fixed rate mortgage (with a remaining term of more than 24 months)	A rate that blends: • the interest rate for this mortgage, and • the rate of interest we offer on the date the new mortgage is advanced for a fixed rate closed President's Choice Financial brand mortgage product similar to yours having a term similar to the remaining term of this mortgage.

- Our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage must be met. This includes the requirements for mortgage insurance, if applicable.
- You will be responsible for paying all applicable processing or administration fees, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

16. Expropriation

If your entire property is expropriated, the loan amount will immediately become payable, along with loss of interest, including any prepayment charges, if applicable, as described elsewhere in these Standard Charge Terms.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not provide adequate security for the loan amount, then the loan amount, or any part of the loan amount as we determine, will immediately become due and payable, plus any loss of interest.

17. *Family Law* Act

You certify to us that all information that you gave us about your marital status and your property when applying for the loan, and the statements made in the Charge/Mortgage of Land are true and accurate under the *Family Law Act*.

18. If part of the mortgage is not valid

If any part of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts of the mortgage will not be affected.

19. Statutory covenants excluded

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from the mortgage.

20. *National Housing* Act

All CMHC insured mortgages are made according to the *National Housing Act*.

21. Reference to laws

Any reference to legislation in the mortgage includes amendments and replacements to that legislation in force from time to time.

22. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about your mortgage;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, insure, maintain and collect upon your mortgage, and we may disclose your personal information, including information about your mortgage, to credit reporting agencies. We will also use and disclose your personal information according to CIBC's privacy policies which are outlined in CIBC's brochure, "Your Privacy is Protected". This privacy policy may be amended, replaced or supplemented from time to time. A copy of the CIBC Privacy Policy is available by calling us, or visiting www.cibc.com.

You agree that we may enter into this mortgage on behalf of another entity, as an agent or nominee, and also that we may assign this mortgage to another entity. In these cases, the entity is known as the "beneficial owner". We can do this whether or not the beneficial owner is named in this mortgage. You also agree that we may insure this mortgage with CMHC or other mortgage insurer approved by us from time to time. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns the mortgage and to any mortgage insurer. If the mortgage is insured, the insurer may obtain a credit report and other information about you from any credit bureau, credit reporting agency and/or from us. We may also disclose your personal information to any service provider. A service provider is any person or entity that:

- is involved in the servicing, maintenance, collection or operation of the mortgage; or

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- provides services or benefits to you under the mortgage, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your mortgage application, and ongoing information and documentation about you and your mortgage sufficient for the beneficial owner, agent, assignee, mortgage insurer and service provider to administer the mortgage and exercise their rights under it.

23. Discharge

After you have paid us the loan amount, we will sign a discharge and send it to you within a reasonable time. Or, if you ask us to, we will give an assignment or transfer of the mortgage instead of a discharge.

For purposes of calculating per diem interest, funds received after 3.00 p.m. on any business day will be considered to have been received on the next business day.

You will pay our usual administration and processing fee for preparing, reviewing and signing of any such documents and all legal and other expenses, if applicable. You will pay us these fees whether the discharge or assignment is prepared by your lawyer, by our lawyers or by us.

It is your responsibility to register the discharge or assignment on the title to your property and to pay the registration fee. If electronic registration is available for your mortgage, you agree to pay us the registration fee and we will register the discharge on your behalf. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

DATED at Toronto, this 7 day of October, 2008.

Patricia Knight
Solicitor for CIBC Mortgages Inc.

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200827 Cote
Filing Date Nov. 3rd 2008 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
ONTARIO - SET OF STANDARD CHARGE TERMS

Filed by: **HSBC Finance Mortgages Inc.**
Filing date:
Filing number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

CLOSED-END CHARGE

1. EXCLUSION OF IMPLIED COVENANTS

The covenants deemed to be included in charges by virtue of subsections (iv), (v) and (ix), of section 7(1) of the Act are hereby excluded from this Charge.

2. INTERPRETATION

(a) Whenever these Standard Charge Terms are deemed to be included in a charge, the words "Chargor", "Chargee" and "Guarantor", when used herein, shall mean the persons so named in such charge; the words "Lands", when used herein, shall mean the land or property described in such charge; the word "Charge", when used herein, shall mean the charge in which these Standard Charge Terms are deemed included; the words "Principal Amount", "Interest Rate", "Interest Adjustment Date", "Payment", "First Payment Date", "Payment Date", "Last Payment Date" and "Balance Due Date", when used herein, shall mean the respective amounts, interest rate and dates set forth in such charge; and the words "Address for Service" when used herein, shall mean the address for service of the Chargor or Chargee, as the case may be, set forth in such charge.

(b) The paragraph headings in these Standard Charge Terms are deemed not to form part of the Charge and have been inserted for convenience of reference only.

(c) Except where otherwise stated, this Charge and everything herein contained shall extend to and bind and enure to the benefit of the respective heirs, executors, administrators, successors in office, successors and assigns, as the case may be, of each and every of the parties hereto, and where there is more than one Chargor or Guarantor or there is a female party or a corporation, the provisions hereof shall be read with all grammatical changes thereby rendered necessary, and all covenants shall be deemed to be joint and several.

(d) If any provision of this Charge is illegal or unenforceable it shall be considered separate and severable from the remaining provisions of this Charge which shall remain in force and be binding as though such provision had never been included.

(e) All of the provisions of this Charge on the part of the Chargor to be performed and observed shall be deemed to be covenants and agreements on the part of the Chargor in favour of the Chargee.

(f) References to paragraphs are references to paragraphs of this set of standard charge terms.

3. PROVISIONS FOR PAYMENT

The Charge shall be void on payment to the Chargee of the Principal Amount, in lawful money of Canada, with interest at the Interest Rate, calculated half-yearly not in advance, as well after as before maturity and both before and after default, in each year on so much of the Principal Amount as shall from time to time remain unpaid until the whole of the Principal amount is paid and taxes and all other moneys payable hereunder, the said Principal Amount and interest to be paid as follows:

(a) interest at the Interest Rate on the amounts advanced from time to time, computed from the respective date(s) of such advance(s) to and including the day preceding the Interest Adjustment Date, shall become due and be paid on such date; and thereafter.

(b) each Payment shall become due and be paid on account of the said Principal Amount and interest on the First Payment Date and on each Payment Date thereafter to and including the Last Payment Date and the balance of the said Principal Amount then remaining unpaid and all accrued and unpaid interest and other moneys (if any) then owing under this Charge shall become due and be paid on the Balance Due Date; until the happening of default under any of the provisions of this Charge, each such Payment, when paid, shall be applied, first, in satisfaction of or toward the payment of interest at the Interest Rate accrued to the date of payment and any balance of such Payment thereafter remaining shall be applied in reduction of the Principal Amount but, after the happening of default under any of the provisions of this Charge, all money paid hereunder or received by the Chargee may be applied on such part or parts of the Chargor's then indebtedness hereunder as the Chargee in its sole discretion shall deem advisable.

4. POWER OF SALE

(a) The Chargee on default of payment for fifteen days may on fifteen days' notice enter on and lease the Lands or on default of payment for at least fifteen days may on at least thirty-five days' notice sell the Lands; provided that should default of payment continue for thirty days the Chargee may enter on and lease the Lands without notice; provided that the Chargee on default by the Chargor of the observance or performance of any of the provisions of this Charge other than a default of payment aforesaid for a period of fifteen days may on fifteen days' notice enter on and lease the Lands, or on default of such observance or performance for at least fifteen days may on at least thirty-five days' notice sell the Lands; provided that should default of such observance or performance continue for thirty days the Chargee may enter on and lease the Lands without notice. Any notice under this paragraph shall be sufficiently given for all purposes if given in accordance with Part III of The Mortgages Act, R.S.O. 1980, Chapter 296, or under such statutory provision as may hereafter be enacted in substitution or amendment of the said Part III and notice shall not be required or lesser notice may be given if and to the extent permitted or authorized under or pursuant to the said Part III. The rights in this paragraph given to the Chargee are without prejudice to and are in addition to any other rights and remedies given in this Charge to the Chargee or which the Chargee may have at law.

(b) The Chargee may lease or sell as aforesaid without entering into possession of the Lands.

(c) Any sale hereunder may be either for cash or on credit, or part cash, and part credit, and the proceeds of any sale may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Lands, or endeavouring to procure payment of moneys secured hereby. Sales may be made from time to time of portions of the Lands or of the whole of the Lands subject to the amount not yet actually payable according to the provisions for payment, to satisfy interest or parts of the principal overdue, leaving the principal or balance thereof, to run at interest payable as aforesaid. The Chargee may make any stipulations as to title or evidence or commencement of title, or otherwise, which the Chargee shall deem proper and may rescind or vary any contract for sale of any of the Lands and resell without being answerable for loss occasioned thereby. On any sale hereunder the Chargee shall be accountable only for moneys actually received in cash as and when so received and for any of the said purposes may make and execute all agreements and assurances as it shall think fit. The Purchaser at any sale hereunder shall not be bound to see to the legality, propriety or regularity thereof, or that default has happened on account of which the sale or lease is made, and no want of default or of notice shall invalidate any sale or lease hereunder, and the remedy of the Chargor shall be in damages only.

5. PRIOR OR SUBSEQUENT MORTGAGES

If the Charge should at any time be subject to any prior or subsequent mortgage, charge, agreement for sale or other encumbrance (in this paragraph called a "Prior or Subsequent Mortgage"), the Chargor will pay or cause to be paid as they become due all payments whether for principal, interest, taxes or otherwise under or by virtue of the Prior or Subsequent Mortgage and will otherwise observe, perform and comply with the covenants, provisions and agreements contained in it. The Chargee may at its option make any payment or cure any default under a Prior or Subsequent Mortgage, and any such payment or cost incurred by the Chargee in curing such default shall be paid forthwith by the Chargor to the Chargree.

6. REALIZATION

The Charge is in addition to and not in substitution for any other security held by the Chargee for all or any part of the moneys secured by the Charge. The Chargee may realize upon its various securities or any part thereof or make demand for payment of any promissory note which may be delivered by the Chargor and accepted by the Chargee by way of renewal of or substitution for the same in such order as the Chargee may see fit, and any realization, whether by foreclosure or by sale, of any security or securities shall not bar realization upon any other security or securities or the demanding of payment of any such promissory note. The Chargee shall not be bound to have recourse to or exhaust its recourse against the Chargor or against any other person or persons or against any security or securities before enforcing its rights under the Charge.

7. INSURANCE

(a) The Chargor shall insure the buildings and all fixed improvements on the Lands for the full replacement value thereof, against loss or damage by fire, such insurance to include the broadest extended coverage available for the type of improvement or improvements, building or buildings on the Lands and if required by the Chargee, the Chargor will also insure against loss or damage by plate glass breakage, boiler explosion and such other insurable risks, events, or hazards and in such amounts as the Chargee may designate. All such insurance shall be carried in a company or companies approved by the Chargee and under policies satisfactory as the coverage and form to the Chargee, and mortgage clauses in a form approved by the Chargee, including the Standard Mortgage Clause approved by the Insurance Bureau of Canada, will be attached to all insurance policies. The Chargee shall have a lien for all amounts secured by the Charge on all insurance on such building and fixed improvements whether or not the insurance was obtained to comply with the foregoing provisions. The loss clause in all such policies will be made payable to the Chargee and no insurance will be carried on improvements or buildings on the Lands other than such as is made payable to the Chargee in accordance with the provisions of this paragraph.

(b) The Chargor will not do or omit or cause or suffer anything to be done or omitted whereby the policy or policies of insurance may be voided or become void and will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due, and will forthwith assign and deliver to the Chargee the policy or policies of insurance and all renewal receipts thereto appertaining. At least seven days prior to the expiration of any policy the Chargor will deliver evidence of renewal to the Chargee at its Address for Service or such other address as it may designate from time to time. In the event of any breach of the foregoing covenants respecting insurance the Chargee, without prejudice to its other rights hereunder, may, at its option effect such insurance as it may deem necessary on behalf of the Chargor and any amount paid therefor by the Chargee shall be payable forthwith to the Chargee and shall be a charge upon the Lands, and shall bear interest at the Interest Rate from the time of such payment until paid.

(c) Forthwith on the happening of any loss or damage by fire or any of the other insured hazards the Chargor will furnish at his own expense all necessary proofs of loss and do all necessary acts and things to enable the Chargee to obtain payment of the insurance moneys, and any such insurance moneys received by the Chargee may at the option of the Chargee be applied in repairing or rebuilding the damaged or destroyed improvements or buildings, or be applied to the payment of the moneys hereby secured in such manner as the Chargee may determine, or partly in one way and partly in another, and in the event of there being a surplus, if any, to pay the same to the Chargor or any person appearing by the registered title to be the owner of the Lands, all to the extent it is permitted to do so under the statute law from time to time in force.

8. INTEREST ON ARREARS

All arrears of interest shall be added to the principal and shall bear interest at the Interest Rate (as well after as before maturity) compounded half yearly in each year and all such arrears and interest on interest shall be a charge on the Lands; and if and whenever the Chargee shall pay any taxes under the provisions hereof or insurance premiums or become entitled to the security hereof in respect of any other advances, costs, charges, expenses or other moneys, the amount thereof shall be forthwith payable to the Chargee and shall be a charge on the Lands and shall be added to the principal and bear interest at the Interest Rate and, in default of payment, the powers of sale herein given may be exercised; and there shall be added to and be paid with each of the aforesaid instalments as they respectively fall due, the amount of any and all interest payable in respect of the preceding month upon any principal, interest and/or other moneys in default during such month or any part thereof.

9. DEFAULT

(a) In default of the payment of the interest hereby secured, the principal hereby secured shall become payable provided, however, that the Chargee may, in writing at any time after default, waive such default and upon such waiver the times for payment of said principal shall be as set out in the above Provisions for Payment, but any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

(b) If any default shall at any time be made in payment of the principal, interest or other moneys hereby secured, or if the Chargor or those claiming under him shall commit any act of waste upon the Lands or make default as to any covenant, proviso or agreement herein contained or upon discovery by the Chargee that any such covenant is untrue, or upon the death of the Chargor (or that of any Guarantor), or upon any proceedings in bankruptcy being taken by or against the Chargor (or by or against any Guarantor), insolvency or upon the registration of any Construction Lien or Notice of Security Interest against the Lands or should any buildings now or hereafter in course of erection on the Lands remain unfinished and without any work being done on them for a period of ten consecutive days, the principal hereby secured shall at the option of the Chargee forthwith become due and payable.

(c) Until default of payment the Chargor shall have quiet possession of the Lands.

(d) Upon default in the payment of any principal hereby secured, the Chargee shall not be obliged to accept payment of such overdue principal unless the Chargor shall pay interest thereon to date of payment; but nothing herein contained shall affect or limit the right of the Chargee to recover by action or otherwise the principal money so in arrears after default has been made.

10. ADDITIONAL FEES

In addition to, and not in substitution for, all costs, charges and expenses for which the Chargor may be responsible hereunder, the Chargee may, at its option, charge the following fees to the Chargor, which the Chargor agrees to pay:

(a) whenever any cheque or other document, including, without limitation, any pre-authorized debit instrument, is presented for payment of any principal, interest or other amount hereunder, and such cheque or other document is not honoured, the Chargor shall pay to the Chargee an NSF Fee in the amount established from time to time by the Chargee;

(b) whenever the Chargor is in default hereunder, the Chargor shall pay to the Chargee an Inspection Fee in the amount established from time to time by the Chargee in respect of each inspection of the Lands made by or on behalf of the Chargee;

(c) whenever the Chargor is in default hereunder and the Chargee decides to exercise its right to sell the Lands or to have them sold, whether or not such rights are exercised in full, the Chargor shall pay to the Chargee an Administration Fee in the amount established from time to time by the Chargee (which fee may be a per diem fee) for overhead or administrative expenses associated therewith; and

(d) any reasonable administration or service fees which may by law be imposed by the Chargee from time to time in connection with this Charge. It is agreed and understood that all such fees charged by Chargee under this paragraph are to compensate the Chargee for administrative costs associated with the Charge and are not a penalty.

ALL of the foregoing fees shall be payable by the Chargor to the Chargee forthwith, shall be added to the Principal Amount and shall bear interest at the Interest Rate, and shall be secured hereunder.

11. RELEASE OF LAND BY CHARGEE; SALE BY CHARGOR

The Chargee may at its discretion release all or any part or parts of the Lands at any time and from time to time either with or without any consideration therefor, without being accountable for the value thereof or for any moneys except those actually received, and without thereby releasing any other part of the Lands, or any person from this Charge or from any of the covenants herein contained; and that no sale or other dealing by the Chargor with the Lands or any part thereof shall in any way change the liability of the Chargor (or any Guarantor) or in any way alter the right of the Chargee as against any person liable for payment of the moneys hereby secured.

12. FIXTURES

The Chargor agrees that all furnaces, boilers, tanks, oil and gas burners, stokers, blowers, water heaters, television antennae, electric light fixtures, sprinklers, machinery, motors, window blinds, screen doors and windows, storm doors and windows, and air conditioning, ventilating, electrical, plumbing, cooling, lighting, heating, cooking and refrigeration equipment, and all apparatus and equipment appurtenant thereto now or hereafter placed or installed upon the Lands shall for all purposes of this Charge be fixtures and an accession to the freehold and form part of the realty, whether or not affixed in law to the Lands.

13. TAXES AND REPAIRS, PAYMENT OF CLAIMS, COSTS AND EXPENSES

(a) So long as this Charge remains a charge upon any of the Lands, the Chargor will pay all taxes, rates and assessments chargeable against the Lands when and as the same become due and payable and produce to and deposit with the Chargee on the day first appointed hereunder for payment of interest in each and every year the receipt of the Municipality in which the Lands are situate for the taxes for the preceding year.

The Chargee may, at its option, require the Chargor to remit to the Chargee with each monthly instalment of principal and interest, an amount estimated by the Chargee to be sufficient to repay any then outstanding and future property taxes.

(b) The Chargor will repair, maintain, amend and keep in good and substantial repair the Lands and buildings thereon, with their appurtenances and all fixtures and things thereto belonging or which at any time during the existence of the Charge shall be erected and made. The Chargee personally or by agents at any time during the existence of the Charge may enter the Lands and buildings and examine the condition thereof, and may from time to time make such repairs as the Chargee may deem requisite or proper. Further, the Chargee may perform any acts, matters or things necessary in the opinion of the Chargee to protect or preserve or prevent damage to the Lands and buildings or to remedy any default of the Chargor, and may pay all premiums of insurance and all taxes and rates chargeable against the Lands and buildings which shall from time to time fall due and be unpaid.

(c) The Chargee may satisfy the whole or any part of any charge, claim or government grant now existing or hereafter claimed upon the Lands and whether any such charge, claim or government grant be satisfied out of the moneys advanced on this security or otherwise the Chargee shall be entitled to all the equities and securities of the person or persons so paid off. In the event of any buildings now or hereafter in course of erection on the Lands remaining unfinished and without any work being done on them for a period of ten consecutive days the Chargee may enter the Lands and buildings and do all work necessary to protect the same from deterioration and to complete the buildings so remaining unfinished in such a manner as the Chargee may see fit.

(d) The Chargee may pay all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Lands and buildings or inspecting the same and generally in any other proceedings taken to realize the moneys hereby secured or in protecting the security for the said moneys, together with a proper allowance for the time and services of any person appointed by the Chargee and all solicitor's charges on a solicitor and client basis and agent's charges or commissions for or in respect of the collection of overdue interest, principal, insurance premiums, taxes and/or any other moneys whatsoever payable by the Chargor hereunder whether any action or other judicial proceedings to enforce such payment has been taken or not.

(e) All payments, costs, charges and expenses made or incurred in pursuance of the foregoing shall be forthwith payable to the Chargee and shall be a charge on the Lands and shall be added to the principal and bear interest at the Interest Rate and, in default of payment, the powers of sale herein given may be exercised. The

Chargee in exercising any of the rights given to the Chargee under this section shall be deemed not to be a Chargee in possession.

14. RECEIVER

(a) If and whenever the Chargee becomes entitled hereunder to enter into possession of the Lands it may, in its discretion, by writing appoint a Receiver of the Lands or any part thereof and of the rents and profits thereof and from time to time remove any Receiver and appoint another in his stead and that in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor.

(b) The following provisions shall apply upon the appointment of any such Receiver: such appointment may be made either before or after the Chargee shall have entered into or taken possession of the Lands or any part thereof; every such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretion of the Chargee; the Chargee may from time to time fix the remuneration of every such Receiver and direct the payment thereof out of the Lands or the proceeds thereof; every such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever; all moneys from time to time received by such Receiver shall be paid by him- Firstly, in discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the Lands; Secondly, in payment of his commission as Receiver and the cost of executing necessary or proper repairs; Thirdly, in keeping in good standing all charges on the Lands prior to this Charge; Fourthly, in payment of the interest accruing due under this Charge; and the residue of any money so received by him shall be applied in reduction of the principal from time to time owing under this Charge.

15. ALTERATIONS

The Chargor covenants with the Chargee that he will not demolish any part of the buildings on the Lands without the consent of the Chargee and that he will not proceed with any substantial alteration, remodelling or rebuilding of or addition to the buildings on the mortgaged lands or any part of them without first obtaining the Chargee's written approval of the plans and specifications thereof.

16. PLACE OF PAYMENT

All payments of principal, interest and other moneys payable hereunder shall be payable at the Chargee's Address for Service or at such other place in Canada as the Chargee or other holder of this Charge shall designate in writing from time to time. Monthly payments to cover principal and interest shall be made through the Chargee's Customer Pre-Authorized Debit Plan, or otherwise, as advised by the Chargee.

17. NON-MERGER

The obtaining of a judgment or judgments in any action to enforce this Charge or any of the covenants herein contained shall not operate as a merger of this Charge or of the moneys hereby secured or any of the said covenants or affect the Chargee's right to interest as herein specified or any of its rights under the said covenants.

18. ADVANCE OF MORTGAGE MONEYS

Neither the execution nor registration of this Charge, nor the advance in part of the Principal Amount hereby secured shall bind the Chargee to advance the said Principal Amount or any unadvanced portion thereof, but nevertheless this Charge shall take effect forthwith upon the execution thereof by the Chargor.

19. EXPROPRIATION

If the Lands shall be expropriated by any government, authority, body or corporation clothed with the powers of expropriation the amount of the principal hereby secured remaining unpaid shall forthwith become due and payable together with interest thereon at the Interest Rate to the date of payment and all other moneys payable hereunder.

20. CHANGE OF OWNERSHIP OR USE

Should the Chargor lease, sell, convey, transfer or enter into any agreement of lease, sale or transfer of the building hereby charged or the Chargor's interest in the Lands to a lessee, purchaser, grantee or transferee (herein called "the purchaser") not approved in writing by the Chargee (which approval shall not be unreasonably withheld), or should the building on the Lands cease to be the principal residence of the Chargor (or any one of the Chargors if there are more than one) other than as a result of a lease, sale or transfer with the approval of the Chargee as aforesaid then, at the option of the Chargee, all money hereby secured with accrued interest thereon shall forthwith become due and payable together with a bonus equal to the sum of six (6) months' interest at the Interest Rate calculated on the amount of the principal so remaining unpaid. The Chargor hereby agrees that should the Chargee request such prospective purchaser (a) to apply to the Chargee for its approval of such proposed purchaser and provide the Chargee with such information as the Chargee may reasonably request in the circumstances including evidence of the purchaser's matrimonial status and such evidence as the Chargee shall require to establish the financial responsibility of said proposed purchaser, (b) to assume personally all of the obligations of the Chargor under this Charge (c) to execute an assumption agreement in form satisfactory to the Chargee giving effect to such assumption and (d) to pay to the Chargee a reasonable application fee to cover the Chargee's administrative costs in connection therewith, and should the purchaser fail to accede to any one or more of such requests, then the Chargee's withholding of approval of such purchaser shall be deemed to be reasonable.

21. GUARANTEE

The following provisions have force and effect only if a party signs this Charge as Guarantor. In consideration of the Chargee advancing the Principal Amount or part thereof to the Chargor, other valuable consideration and the sum of ONE DOLLAR ($1.00) of lawful money of Canada, the receipt whereof is hereby acknowledged, the Guarantor covenants and agrees with the Chargee that the Guarantor is liable to pay and satisfy all moneys at any time secured by this Charge and duly perform and observe all covenants, agreements, and provisos in the Charge contained; and further, that the Guarantor shall be primarily liable to the Chargee and shall not be released nor shall his liability hereunder be limited or lessened by any variation in or departure from the provisions of this Charge nor by the Chargee granting time, taking or giving up securities, accepting proposals, granting releases or discharges or otherwise dealing with the Lands or the parties hereto or any of them or any other person or persons nor by any other thing whatsoever either of a like nature to the foregoing or otherwise, including the bankruptcy or insolvency of the Chargor whereby as surety only the Guarantor would or might be released, and that the Chargee shall not be bound to exhaust its recourse against the Chargor or against any other person or persons before enforcing its rights against the Guarantor, and each Guarantor shall be jointly and severally liable with all other Guarantors and Chargors in respect of all of their obligations under the Charge. The Guarantor further agrees that the Chargee may from time to time without notice to him renew this Charge, extend the time for payment of all moneys secured by this Charge, increase or amend the terms and times of payment and the rate of interest with respect to the said moneys, refrain from enforcing payment of the said moneys, release any portion or portions of the Lands and waive or vary any of the covenants and conditions in this Charge to be kept, observed and performed by the Chargor and grant any indulgence to the Chargor in respect of any default by the Chargor which may arise under this Charge, and that notwithstanding any such act by Chargee, the Guarantor shall be bound by the provisions of this Charge until all of the moneys secured under this said Charge shall have been fully paid and satisfied.

22. CONDOMINIUM

If the Lands form part of the property described in a Declaration under the Condominium Act (or such statutory provision as may be enacted in substitution or amendment therefor) hereinafter referred to as "the Condominium Act" and registered pursuant to the provisions thereof, the following shall apply:

(a) The expression "Condominium Corporation" shall mean the corporation created by the registration of the said Declaration.

(b) The Chargor shall deliver by mailing to the Chargee by prepaid registered mail a copy of each and every

(i) claim or demand upon the Chargor for payment by him to the Condominium Corporation or to any person, firm or corporation duly authorized to receive moneys otherwise payable to the Condominium Corporation at least ten clear days prior to the date upon which such claim or demand becomes due and payable as provided by the terms of such claim or demand; and

(ii) notice of any breach of any of the provisions of the Condominium Act or of the said Declaration or of any by-law or by-laws of the Condominium Corporation, or of any rule or regulation of the owners of the units within five days of the date upon which such notice is received by the Chargor; and

(iii) request or demand for the consent of the Chargor to any matter affecting the Lands or the common elements of the Condominium Corporation (as to which the Chargee shall be the sole judge) within five days of the date upon which such request or demand is received by or made of the Chargor; and

(iv) notice of any meeting of the Condominium Corporation to consider any matter affecting the Lands or the common property of the Condominium (as to which the Chargee shall be the sole judge) at least ten clear days prior to the date of such meeting.

(c) The Chargor shall pay any and all moneys due and payable by the Chargor in accordance with the provisions of the Condominium Act or the said Declaration or the said by-laws from time to time on or before the dates for payment thereof and upon demand of the Chargee submit satisfactory proof of payment, including, without limiting the foregoing, any contributions to common expenses required as owner. In the event of default of the Chargor, the Chargee at its option may pay the same and such payment(s) together with all reasonable costs, charges and expenses incurred in respect thereto shall be a charge upon the Lands added to the Principal Amount and bear interest at the Interest Rate and, if after demand the Chargor fails to fully reimburse the Chargee, the balance of the Principal Amount hereby secured and outstanding shall, at the option of the Chargee become payable.

(d) The Chargor shall comply with and observe all the covenants, provisions, terms, conditions, stipulations, specifications, rules and regulations of the Condominium Act and of said Declaration and of the said by-law or by-laws of the Condominium Corporation and of any of the said rules and regulations of the owners of the said units, all as amended from time to time.

(e) In the event that the government of the property by the Condominium Corporation is terminated or in the event of an expropriation, or a sale of the property or a part of the common elements of the Condominium Corporation being authorized by a vote of the owners of the said units, or in the event of the failure of the Condominium Corporation to comply with the Act, the Declaration, the By-laws or the rules of the Condominium

Corporation or in the event the Condominium Corporation, in the opinion of the Chargee, fails to properly manage or maintain the Condominium Property or the assets of the Condominium Corporation, then and in any such event the moneys hereby secured shall forthwith become due and payable, at the option of the Chargee, and all the powers in and by this Charge conferred shall become exercisable notwithstanding any consent given by the Chargee to such termination, expropriation or sale.

(f) The Chargor hereby agrees to and by these presents does irrevocably nominate, appoint and authorize the Chargee to exercise from time to time and at any time, the right of the Chargor, in the name of the Chargor and on behalf of the Chargor to vote at all times and for purposes, wherever and whenever the Chargor would have such right to vote, at any meeting of the members of the Condominium Corporation.

(g) The Chargor hereby further agrees to and by these presents does hereby irrevocably authorize the Chargee to exercise from time to time and at any time, the right of the Chargor, in the name of the Chargor and on behalf of the Chargor, to consent at any time or times and for all purposes, wherever and whenever the Chargor would have such right of consent, to any matter relevant to the management or sale or any dealings with the property of the Condominium Corporation or its assets or the termination of the application of the Condominium Act to the Condominium Corporation.

(h) The Chargee may from time to time waive its right to vote or right of consent by giving notice of its intention so to do to the Condominium Corporation and such waiver may be for an indeterminate period of time until withdrawn or for a limited period of time or for a specific meeting or matter, and while such waiver is in effect the Chargor may exercise the right to vote or to consent.

(i) The parties hereto hereby acknowledge that notwithstanding the exercise by the Chargee of the right of the Chargor to either vote or consent, such exercise shall not render the Chargee a Chargee in possession.

(j) The parties further acknowledge that the right to vote or to consent conferred upon the Chargee herein does not entail any representation, express or implied, that the Chargee shall be in any way responsible to protect the interest of the Chargor, and the Chargee shall not be responsible for any exercise of the right to vote or right to consent or any failure to exercise the right to vote or right to consent.

(k) Notwithstanding the provisions of the above paragraph of the Charge entitled INSURANCE, obligations of the Chargor to insure, keep and maintain insurance, to assign and deliver the policy or policies of insurance and all renewal receipts and evidence thereto appertaining, may be performed by the Condominium Corporation rather than the Chargor and the proceeds of such insurance may be payable in accordance with the provisions of the Declaration and By-laws of the Condominium Corporation. Forthwith upon the happening of any loss or damage the Chargor shall comply with the provisions of the policy or policies of insurance and with the insurance provisions of the Declaration and By-laws and as a member of the Condominium Corporation shall seek full compliance by the Condominium Corporation with such provisions.

(l) After the Chargee has requested the Chargor to so do, the Chargor shall pay to the Chargee on each Payment Date, a prorated portion of the Chargor's required contributions to common expenses next to become due and payable as estimated from time to time by the Chargee so that the Chargee shall have sufficient funds on hand to pay such contributions before the due date for the payment thereof, and if the Chargor's share of common expenses for any year as finally determined exceeds the estimate of the Chargee for that year, the Chargor shall pay to the Chargee forthwith on demand the amount required to make up the deficiency. The Chargee shall not thereby assume any obligations for the payment of such common expenses except as to the application thereto of moneys actually received from the Chargor, but no such moneys shall be held in trust, the Chargee shall not be obligated to pay any interest or other allowance thereon, and after the happening of default under any of the provisions of this Charge, the Chargee shall be entitled at the option of the Chargee to apply any such moneys then held by the Chargee and not theretofore applied on account of such common expenses in or towards the satisfaction or such part or parts of the Chargor's then indebtedness hereunder as the Chargee in the sole discretion of the Chargee shall deem advisable.

23. AMENDMENTS AND RENEWALS

The Chargee may from time to time enter into a written agreement with the Chargor amending the Charge (which may increase the rate of interest payable under the Charge), notwithstanding that there may be subsequent encumbrancers. No such agreement need be registered on title in order to retain priority for the Charge as so altered over any instrument registered after the Statutory Form. If the Chargor is not in default under the Charge, the Chargee may be renewed by the Chargee at maturity for another term determined by the Chargee by an offer in writing (the "Offer") to the Chargor. The Chargor shall be deemed to have accepted the terms of the Offer unless the Chargor notifies the Chargee in writing at least ten (10) days before the maturity date of the Charge that the Offer is not accepted. Nothing contained in this paragraph shall confer any right of renewal upon the Chargor. The Chargee may charge the Chargor a Renewal Fee for the preparation and processing of documents in connection with such renewal. The Renewal Fee shall be payable upon demand and shall be a charge on the Lands and shall be added to the Principal Amount and bear interest at the Interest Rate.

24. NON-APPORTIONMENT

Every part or lot into which the Lands are now or may later be divided does and shall stand charged with the payment of all amounts secured by the Charge and no person shall have any right to require such amounts to be apportioned upon or in respect of any such part or lots.

25. PREPAYMENT PRIVILEGE

(a) The following prepayment privileges shall apply, provided the Chargor is not in default hereunder and provided the building on the Lands is a single- family dwelling. (i) The Chargor may make a prepayment of principal in an amount of up to 20% of the original principal amount of the Mortgage on any anniversary date of the Mortgage without notice, bonus, or penalty. This prepayment privilege is not cumulative year to year, which means that if it is not used, it cannot be carried forward and used in a later year. As well, this prepayment privilege does not apply in circumstances where an amount greater than 20% of the original principal amount of the Mortgage is prepaid, in which case clause (ii) hereof applies to the entire amount prepaid. (ii) The Chargor may pay all or a portion of the amount owing under the Mortgage upon the payment of an additional 6 months interest on the amount so paid.

(b) These prepayment privileges shall remain in effect only for the original term of this Charge and not for any renewal thereof unless expressly provided in writing upon renewal

26. DISCHARGE OF MORTGAGE

After payment in full of all amounts payable under the Charge and the Chargor is in compliance with all of the Chargor's obligations under the Charge, the Chargor may request in writing a mortgage statement for the purpose of preparing a discharge of the Charge and upon payment of all legal and other expenses incurred by the Chargee for the preparation, execution and delivery of such discharge (including the Chargee's usual fee for providing such services) the Chargee shall deliver such document to the Chargor. Interest will continue to run and accrue until actual payment in full of all amounts payable has been received by the Chargee. The Chargee may, at its option, request that a discharge of the Charge be prepared by the Chargor and the Chargee may accept such discharge, provided the Chargee receives an administration fee form the Chargor for the processing and execution of such discharge.

27. TRANSFER OF CHARGE

If the Chargor directs the Chargee to transfer the Charge to a third party upon payment in full of all amounts payable under the Charge, then, subject to applicable law, the Chargee shall in addition pay all of the Chargee's costs and expenses incurred in preparing, reviewing or executing the transfer and any related documentation together with an administration fee in the amount established from time to time by the Chargee.

28. DEALINGS WITH CHARGOR AND OTHERS

The Chargee may grant extensions of time and other indulgences to the Chargor or anyone claimfing under him and otherwise deal with the owner of the equity of redemption without prejudice to the rights of the Chargee against the Chargor, or any covenantor, guarantor, surety or any other person liable for the payment of the moneys hereby secured.

29. ASSIGNMENT OF RENTS

(a) As additional security, in consideration of the sum of One Dollar and other good and valuable consideration now paid by the Chargee to the Chargor (the receipt whereof is hereby acknowledged) the Chargor hereby gives, grants, assigns, transfers and sets over unto the Chargee all rents, both present and future, payable under any leases and agreements now or hereafter affecting the Lands and premises together with all right, benefit and advantage to be derived therefrom to have and to hold the same unto the Chargee, its successors and assigns, absolutely.

(b) Nothing herein contained shall be deemed to have the effect of making the Chargee responsible for the collection of the Rents or any part thereof or for the performance of any of the covenants, provisions, stipulations, terms or conditions either by the Lessee or by the Lessor and the Chargee shall not by virtue of these presents be deemed to be a Chargee in possession of the Lands and premises.

(c) The Chargee shall be liable to account for only such monies as may actually come into its hands by virtue of these presents after deduction of all collection charges, inspection fees and other expenses to which the Chargee may be put in respect thereof and that such monies when so received by it, shall be applied on account of the said Charge to which these presents are taken as collateral security.

(d) The Chargee shall not exercise its rights covered by these presents until such time as the Chargor shall make default in any of the terms and provisions of the Charge and on the part of the Chargor to be performed thereunder. The Chargor hereby acknowledges and agrees that the decisions of the Chargee as to whether or not there has been any such default shall be final and conclusive and binding in every respect upon the Chargor.

30. LEASEHOLD CHARGE

(1) This section applies if the interest charged shown in the charge form is or includes a leasehold interest.

(2) The Chargor represents to the Chargee that

(a) the lease is owned by the Chargor subject only to those charges and encumbrances that are registered in the land titles office at the time the Chargor signs the charge form;
(b) the lease is in good standing;
(c) the Chargor has complied with all the Chargor's promises and agreements contained in the lease;
(d) the Chargor has paid all rent that is due and payable under the lease;
(e) the lease is not in default; and

(f) Chargor has the right to charge the lease to the Chargee.

(3) The Chargor will

(a) comply with the lease and not do anything that would cause the lease to be terminated;

(b) immediately give to the Chargee a copy of any notice or request received from the landlord;

(c) immediately notify the Chargee if the landlord advises the Chargor of the landlord's intention to terminate the lease before the term expires; and

(d) sign any other document the Chargee requires to ensure that any greater interest in the land that is acquired by the Chargor is charged by this Charge.

(4) Any default under the lease is a default under this Charge.

(5) The Chargor promises the Chargee that the Chargor will not, without first obtaining the written consent of the Chargee

(a) surrender or terminate the lease; or

(b) agree to change the terms of the lease.

(6) The Chargee may perform any promise or agreement of the Chargor under the lease.

(7) Nothing done by the Chargee under this section will make the Chargee a chargee in possession.

(8) If the Chargor shall, at any time prior to payment in full of all monies secured hereby, acquire title in fee simple to the Lands and premises of any other greater estate in the Lands and premises demised by the lease, then the charge of this Charge shall automatically attach, extend to and charge such title or greater estate.

31. WAIVER

At any time after default the Chargee may waive such default in writing, but any waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

32. COMPLIANCE WITH LAWS

The Chargor shall comply with all applicable rules, laws, and regulations, including environmental protection laws, and shall not commit any act, omit to do anything, or use the Lands in such a manner as to result in a breach of said laws. The Lands shall be used for residential purposes only, and shall not be used for the storage of any hazardous materials. The operation of oil or natural gas wells shall not be permitted on the Lands. The Chargor will promptly notify the Chargee of any event or fact coming within his or her knowledge which may constitute or result in a breach of said laws, and shall indemnify the Chargee from all claims, expenses, and costs (including cleanup costs) resulting from such non-compliance.

33. MATRIMONIAL HOME

Forthwith after any change or happening affecting the spousal status of the Chargor or the qualification of the Lands as a matrimonial home within the meaning of Part III of the Family Law Reform Act, as amended or substituted from time to time, the Chargor will advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of any spouse who is not an owner of the Lands but who has a right of possession therein by virtue of section 40 of the said Act. In furtherance of such intention, the Chargor agrees to furnish the Chargee with such evidence in connection with the Chargor's spousal status and/or the qualification of the Lands as a matrimonial home as the Chargee shall from time to time request. The Chargee receives an administration fee from the Chargor for the processing and execution of such discharge.

DATED this 9 day of October 2008

HSBC Finance Mortgages Inc.

Per: __________________________
Authorized Signing Officer
– President & CEO

Per: __________________________
Authorized Signing Officer
– Director of Canadian Branch Operations

'We have the authority to bind the Corporation'

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200827 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200828 Cote
Filing Date NOV 3" 2008 Date de Dépôt
Page 1 of/de 10 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act
ONTARIO - SET OF STANDARD CHARGE TERMS
Filed by HSBC Finance Mortgages Inc.

Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

CHARGE SECURING PERSONAL LINE OF CREDIT

INTERPRETATION

1. (1) In this set of standard charge terms:
   (a) "Charge" means and includes the Statutory Form and this set of standard charge terms.
   (b) "Chargee" means each chargee named in the Statutory Form.
   (c) "Chargor" means each chargor named in the Statutory Form.
   (d) "Lands" mean the land described in the Statutory Form, all buildings, structures, erections, improvements apparatus and fixtures now or hereafter installed, erected or placed on such land or now or hereafter attached to or used in connection with such land including, without limitation, all elevators, machinery, motors, furnaces, boilers, tanks, oil or gas burner, stokers, blowers, water heaters, television antennae, electric light fixtures, sprinklers, window blinds, screen doors and windows, storm doors and windows, refrigerators, stoves and air conditioning, ventilating, electrical, plumbing, cooling, lighting, heating, cooking and refrigeration fixtures and equipment.
   (e) "Principal Amount" means the Principal Amount specified in the Statutory Form.
   (f) "Personal Line of Credit Agreement" means the agreement attached to the Statutory Form, as amended from time to time.
   (g) "Statutory Form" means a Charge/Mortgage of Land (Form 2) which refers to the filing number of this set of standard charge terms and includes all schedules to it.

(2) The Charge shall extend to, and bind and enure to the benefit of, the respective heirs, executors, administrators, successors and assigns, as the case may be, of the Chargor and the Chargee, and, if there is more than one Chargor, their covenants, agreements and obligations shall be deemed to be joint and several.

(3) If any provision of the Charge is illegal or unenforceable it shall be considered separate and severable from the remaining provisions which shall remain in force and be binding as though such provision had never been included.

(4) All of the provisions of the Charge to be performed and observed by the Chargor shall be deemed to be covenants and agreements made by the Chargor in favour of the Chargee.

(5) The paragraph headings in this set of standard charge terms are deemed not to form part of the Charge and have been inserted for convenience of reference only.

(6) References to paragraphs are references to paragraphs of this set of standard charge terms.

EXCLUSION OF IMPLIED COVENANTS

2. The covenants deemed to be included in a charge by virtue of the Land Registration Reform Act, are excluded from the Charge.

PAYMENT PROVISIONS

3. The Chargor promises to pay to the Chargee on demand the Principal Amount or such lesser amount (not exceeding the Principal Amount) as may from time to time equal all indebtedness and liabilities of the Chargor to the Chargee incurred under the Personal Line of Credit Agreement between the Chargor and the Chargee, a copy of which is attached to the Statutory Form.

The Chargor will also pay interest on all indebtedness and liabilities of the Chargor under the Personal Line of Credit Agreement (not exceeding the Principal Amount) and on all other amounts payable under the Charge, including amounts payable forthwith, at the same rate and calculated and payable in the same manner as interest is calculated and payable on the Principal Amount under the Personal Line of Credit Agreement, both before and after demand, default, maturity and judgment.

CHARGOR'S COVENANTS

4. The Chargor covenants that the Chargor (i) owns the Lands; (ii) has the right to charge the Lands in favour of the Chargee in accordance with the terms of the Charge; (iii) has reported to the Chargee, in writing, all mortgages, charges, liens or other encumbrances that affect the Lands; (iv) will pay the Principal Amount, interest and all other amounts hereby secured and observe the Payment Provisions above and will perform the other obligations of the Chargor as herein provided; (v) the Chargor will not charge or encumber the Lands as long as this Charge shall remain outstanding; (vi) on default the Chargee shall have quiet possession of the Lands free from all encumbrances except as aforesaid; (vii) the Chargor shall execute such further assurances of the Lands as may be required; and (viii) the Chargor has done no act to encumber the Lands except as aforesaid.

CHARGE ON LANDS

5. By signing the Statutory Form, the Chargor charges the Lands in favour of the Chargee as security for the payment of all present and future indebtedness and liabilities of the Chargor to the Chargee incurred under the Personal Line of Credit (not exceeding the Principal Amount), interest and all other amounts payable to the Chargee under the Charge and as security for the performance of all other obligations of the Chargor under the Charge.

COLLATERAL SECURITY

6. Nothing contained in the Charge shall in any way affect or prejudice any right of the Chargee independently of the Charge to recover from the Chargor all or any part of the indebtedness and liability of the Chargor to the Chargee under the Personal Line of Credit Agreement. If such indebtedness and liability exceeds the Principal Amount, interest and other amounts payable to the Chargee under the Charge, the Chargee may conclusively determine what part of such indebtedness and liability (not exceeding the Principal Amount, interest and other amounts payable to the Chargee under the Charge) shall be secured by the Charge and what part shall not be so secured.

CHARGOR'S ACCOUNT

7. The Principal Amount, interest and all other amounts payable to the Chargee under the Charge shall be secured by the Charge notwithstanding the form in which the account or accounts between the Chargor and the Chargee may be kept, or any new transactions with the Chargor by way of further loans, discounts or advances under the Personal Line of Credit Agreement or the crediting or debiting of amounts in the account or accounts of the Chargor with the Chargee.

WHEN CHARGE VOID

8. The Charge shall not be deemed to have been redeemed or become void because at any time there is no indebtedness or liability of the Chargor to the Chargee under the Personal Line of Credit Agreement and no other amount payable under the Charge, unless at such time (i) the Chargor is in compliance with all of the Chargor's obligations under the Charge, (ii) the Chargor requests in writing a discharge of the Charge, (iii) no further indebtedness or liability to the Chargee is incurred by the Chargor under the Personal Line of Credit Agreement, (iv) no other amount becomes payable under the Charge (except under paragraph 38) prior to the delivery of such discharge and (v) the Chargor complies with paragraph 38.

APPLICATION OF PAYMENTS

9. All payments made by the Chargor to the Chargee, all interest and other moneys realized from any securities held by the Chargee (including the Charge) and any payments made by the Chargor before or after default in payment following demand therefor may be applied on such part or parts of the indebtedness or liabilities of the Chargor to the Chargee, including interest, as the Chargee may see fit, notwithstanding any contrary stipulation by the Chargor. If the Chargee is notified or has reason to believe (of which the Chargee shall be the sole judge) that the Chargor has disposed of, encumbered or otherwise created an interest in all or any part of the Lands or in favour of a person other than the Chargee (the "subsequent chargee"), the Chargee may at its option, 1) require the Chargor to obtain a postponement from the subsequent chargee for any subsequent advances made under the Personal Line of Credit Agreement, or 2) suspend further advances to the Chargor until the claim has been satisfied or the interest or encumbrance created has been removed or 3) close the Chargor's existing account or accounts at the amount then owing to the Chargee and open a new account or accounts for loans, discounts and advances thereafter made to the Chargor by the Chargee and for payments thereafter made by the Chargor to the Chargee. No amount paid in or credited to the new account or accounts shall be applied to or have the effect of reducing or repaying any of the indebtedness, liability or interest outstanding on the closed account or accounts at the time the Chargee was notified of such disposition, encumbrance or other interest or at the time the Chargee established such new account or accounts.

DEALINGS WITH CHARGOR AND OTHERS

10. The Chargee may grant extensions of time and other indulgences, take and give up securities, accept compositions and proposals, grant releases and discharges and otherwise deal with the Chargor and with other parties and securities as the Chargee may see fit without prejudice to the liability of the Chargor or any covenanter, guarantor, surety or any other person liable for the payment of the moneys hereby secured or the Chargee's right to hold and realize the security of the Charge.

PLACE OF PAYMENT

11. All payments of principal, interest and other moneys payable hereunder shall be payable at par at such place *in Canada* as the Chargee or other holder of this Charge shall designate in writing from time to time. Monthly payments to cover principal and interest shall be made through the Chargee's Customer Pre-Authorized Debit Plan, or otherwise, as advised by the Chargee.

NON-MERGER

12. The Charge shall not operate by way of merger of any indebtedness of the Chargor to the Chargee or any contract or instrument by which the same may now or at any later time be represented or evidenced and no judgment recovered by the Chargee shall operate by way of merger of the Charge or any indebtedness secured by the Charge or in any way affect the security created by the Charge or the Chargee's right to interest as provided in the Charge.

ADDITIONAL FIXTURES

13. The Chargor agrees that all things that pertain to or are ordinarily attached to or placed upon anything forming part of the Lands shall for all purposes of the Charge be fixtures and form part of the Lands whether or not affixed at law to the Lands.

REPAIRS

14. The Chargor shall repair, maintain and keep in good and substantial repair the buildings and fixtures at any time forming part of the Lands. The Chargee may, by its agents at any time during the existence of the Charge, enter such buildings, examine their condition and make such repairs as the Chargee may deem requisite or proper. The Chargee may perform any acts, matters or things necessary, in the opinion of the Chargee, to protect or preserve or prevent damage to such buildings and fixtures or to remedy any default of the Chargor. If any building now or hereafter in the course of erection on the Lands remains unfinished and without any work being done on it for a period of ten consecutive days the Chargee may enter the Lands and do all work necessary to protect such building from deterioration and complete it in such manner as the Chargee may see fit. The Chargee in exercising any of the foregoing rights shall be deemed not to be a mortgagee or chargee in possession and any amounts expended by the Chargee as aforesaid shall be paid forthwith by the Chargor to the Chargee.

PRIOR OR SUBSEQUENT CHARGE

15. If the Charge should at any time be subject to any prior or subsequent charge, agreement for sale or other encumbrance (in this paragraph called a "Prior or Subsequent Charge"), the Chargor will pay or cause to be paid as they become due all payments whether for principal, interest, taxes or otherwise under or by virtue of the Prior or Subsequent Charge and will otherwise observe, perform and comply with the covenants, provisions and agreements contained in it. The Chargee may at its option make any payment or cure any default under a Prior or Subsequent Charge, and any such payment or cost incurred by the Chargee in curing such default shall be paid forthwith by the Chargor to the Chargee.

INSURANCE

16. The Chargor shall insure the buildings and all fixed improvements now or hereafter forming part of the Lands for their full replacement value against loss or damage by fire, against all other risks usually covered by fire insurance policies with extended coverage and against such other risks and in such amounts as the Chargee may reasonably require. All such insurance policies shall be in form satisfactory to the Chargee and shall have been issued by a company or companies approved by the Chargee. At the request of the Chargee all such insurance policies shall be delivered to and held by the Chargee. Should the Chargor neglect to effect or maintain any such insurance, the Chargee may (but shall not be required to) do so and any premiums or other charges paid by the Chargee shall be paid by the Chargor to the Chargee forthwith. The Chargor shall promptly notify the Chargee of any loss of or damage to any such building or fixed improvement and forthwith on the happening of any loss or damage by fire or any of the other insured hazards the Chargor will furnish at his own expense all necessary proofs of loss and do all necessary acts and things to enable the Chargee to obtain payment of the insurance moneys. If (i) a steam boiler, pressure vessel or any other object generating steam or operated by steam or (ii) an oil or gas burner or coal blower or stoker or a sprinkler system, is operated on the Lands at any time, the Chargor shall obtain insurance against loss or damage by explosion of or caused by such boiler, vessel or other object or against loss or damage caused by such burner, blower or stoker or such sprinkler system, respectively. The Chargee shall have a lien for all amounts secured by the Charge on all insurance on such buildings and fixed improvements whether or not the insurance was obtained to comply with the foregoing provisions. All insurance on such buildings and fixed improvements obtained by the Chargor shall stipulate that loss is payable to the Chargee as its interest may appear, and contain or have attached thereto a mortgage clause in a form approved

by the Chargee, including the Standard Mortgage Clause approved by the Insurance Bureau of Canada. The Chargee may require that all or any portion of any moneys received on any insurance be applied (i) in discharge of any amount secured by the Charge, whether due or not, (ii) be used to fulfil any of the other obligations of the Chargor contained in the Charge as the Chargee may determine, (iii) be used to replace or restore such buildings or fixed improvements to a condition satisfactory to the Chargee, or (iv) be released to the Chargor. The Chargor will not do or omit or cause or suffer anything to be done or omitted whereby the policy or policies of insurance may be voided or become void; and will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due; and will forthwith deliver to the Chargee the policy or policies of insurance and all renewal receipts thereto appertaining; and will deliver evidence of renewal to the Chargee at least seven days prior to the expiration of any policy.

TAXES

17. The Chargor shall pay all taxes, rates and assessments chargeable against the Lands when and as the same become due and payable and deposit with the Chargee on or before the first day of January in each and every year the receipt of the municipality in which the Lands are situate for the taxes for the preceding year.

USE, DEMOLITION AND ALTERATIONS

18. The Chargor shall not, without the prior written consent of the Chargee, (a) demolish all or any part of the buildings or fixed improvements forming part of the Lands or (b) proceed with any substantial alteration, remodeling or rebuilding of or addition to any buildings. The Chargor shall not change the use of the Lands.

RELEASE OF LAND BY CHARGEE; SALE BY CHARGOR

19. The Chargee may at its discretion release from the Charge all or any part of the Lands at any time and from time to time whether or not the Chargee receives any consideration for doing so, without being accountable for the value of the part of the Lands released or for any moneys except those actually received, and without thereby releasing any other part of the Lands or any person from the Charge. No sale or other dealing by the Chargor with the Lands or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against any person liable for payment of the amounts secured by the Charge.

EXPROPRIATION

20. If all or any part of the Lands shall be expropriated by any government, authority or corporation clothed with the powers of expropriation, all moneys payable in respect of such expropriation shall be paid to the Chargee and, if received by the Chargor, shall be received in trust for the Chargee and forthwith paid over to the Chargee. Such moneys may, at the option of the Chargee, be applied to reduce any amount secured by the Charge whether or not it is due.

CHARGEE'S COSTS

21. (1) The Chargee may pay (without any obligation to so do) all costs, charges and expenses which may be incurred in taking, recovering and keeping possession of the Lands or inspecting the same and generally in any other proceedings taken to realize the amounts secured by the Charge or in protecting the security for such amounts, or in performing any obligations of the Chargor under the Charge together with a proper allowance for the time and services of any person appointed by the Chargee and all solicitors' charges as between a solicitor and his own client and agents' charges or commissions for or in respect of the collection of overdue interest, principal, insurance premiums, taxes, and any other amount secured by the Charge, whether or not any action or other judicial proceeding has been taken to enforce such payment. Any and all amounts so paid or incurred pursuant to this paragraph shall be payable forthwith to the Chargee by the Chargor.

(2) In addition to all other amounts payable by the Chargor under the Charge, the Chargor shall pay to the Chargee, at the Chargee's option, the following fees:

- (a) whenever any cheque or other document, including, without limitation, any pre-authorized debit instrument, is presented for payment of any amount payable under the Charge or the Personal Line of Credit Agreement, and such cheque or other document is not honored, the Chargor shall pay to the Chargee an NSF Fee in the amount established from time to time by the Chargee;
- (b) whenever the Chargor is in default under the Charge, the Chargor shall pay to the Chargee an Inspection Fee in the amount established from time to time by the Chargee in respect of each inspection of the Lands made by or on behalf of the Chargee; and
- (c) whenever the Chargor is in default under the Charge and the Chargee decides to exercise its right to sell the Lands or to have them sold, whether or not such rights are exercised in full, the Chargor shall pay to the Chargee an Administration Fee in the amount established from time to time by the Chargee (which fee may be a per diem fee) for overhead or administrative expenses associated therewith.

All of the foregoing fees and any other administrative fees charged by the Chargee shall be payable by the Chargor to the Chargee forthwith shall be added to the Principal Amount and shall bear interest at the variable rate aforesaid, and shall be secured hereunder.

PAYMENT OF OTHER CHARGES

22. The Chargee may satisfy (without any obligation to so do) the whole or any part of any encumbrance, charge or claim now existing or hereafter affecting the Lands, whether out of the moneys advanced under the Charge or

otherwise. The Chargee shall be entitled to all the equities and securities of the person or persons so paid off and the amount so paid shall be payable by the Chargor to the Chargee forthwith.

NON-APPORTIONMENT

23. Every part or lot into which the Lands are now or may later be divided does and shall stand charged with the payment of all amounts secured by the Charge and no person shall have any right to require such amounts to be apportioned upon or in respect of any such part or lots.

DEFAULT

24. If (i) any default shall at any time be made in the payment of any amount payable under the Charge or the Personal Line of Credit Agreement or in the payment of any promissory note, agreement or instrument now or at any later time held by the Chargee in respect of or representing any amount secured by the Charge, (ii) the Chargor fails to perform any covenant, provision or agreement contained in the Charge or in any other agreement with the Chargee, (iii) the Chargee discovers that any such covenant, provision or agreement is untrue, (iv) upon the death of the Chargor (or that of any Guarantor), (v) upon any proceedings in bankruptcy or similar proceedings being taken by or against the Chargor or by or against the Guarantor, insolvency, (vi) any construction lien, statutory lien or notice of a security interest is registered against the Lands, or (vii) the Chargor sells, leases, transfers or enters into any agreement to lease, sell or transfer the Lands, or (viii) the Chargor allows a subsequent charge to be registered against the Lands without obtaining from the subsequent Chargee a postponement agreement as required in paragraph 9, or (ix) the Chargor defaults under a Prior or Subsequent Charge as provided in paragraph 15, then at the option of the Chargee all amounts payable under the Charge shall become due and payable forthwith.

WAIVER

25. At any time after default the Chargee may waive such default in writing, but any waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

REMEDIES OF CHARGEE ON DEFAULT

26. If the Chargor (i) defaults in the payment of any amount payable under the Charge or the Personal Line of Credit Agreement for fifteen days or (ii) defaults in the performance of any of the Chargor's other obligations under the Charge for fifteen days, then the Chargee may on thirty-five days' notice sell or lease the Lands, either with or without entering into possession of the Lands, provided that should such default in payment or performance continue for thirty days the Chargee may enter into possession of and may lease the Lands without notice. Any notice under this paragraph shall be sufficiently given for all purposes if given in accordance with Part III of the Mortgages Act, R.S.O. 1980, Chapter 296, as amended or re-enacted, and notice shall not be required or lesser notice may be given if and to the extent permitted or authorized under or pursuant to Part III. The rights given to the Chargee in this paragraph are without prejudice to and are in addition to any other rights and remedies given in the Charge to the Chargee or which the Chargee may have at law.

27. Sales may be made from time to time of portions of the Lands and any sale under the Charge may be either for cash, or on credit, or part cash and part credit. The proceeds of any sale or lease of the Lands may be applied in payment of any costs, charges and expenses (including surveyor's charges, solicitor's charges as between a solicitor and his own client and fees, charges and commissions of realtors, appraisers and other agents) incurred in taking, recovering, keeping possession of and selling the Lands or by reason of non-payment or endeavoring to procure payment of the amounts secured by the Charge (including all fees referred to in paragraph 21). The Chargee may make any stipulations as to title or evidence of commencement of title, or otherwise, which the Chargee shall deem proper and may rescind or vary any contract for sale of any of the Lands and resell without being answerable for any loss that results. On any sale or lease under the Charge the Chargee shall be accountable only for moneys actually received in cash as and when so received and for any of such purposes may make and execute all agreements and assurances as the Chargee shall think fit. The purchaser at any sale under the Charge or the lessee under any such lease shall not be bound to see to the legality, propriety or regularity of the sale or the lease, or that default has happened on account of which the sale or lease is made. Neither the absence of default nor failure to give proper notice shall invalidate any sale or lease made under the Charge and the remedy of the Chargor shall be in damages only.

28. The Chargee may distrain for arrears of payment in respect of the Principal Amount, interest and all other amounts hereby secured.

29. For greater certainty and in addition to, and not in substitution for, all the other rights and remedies of the Chargee, the Chargor agrees that, on default by the Chargor in making any payment required by the Charge or the Personal Line of Credit Agreement or in performing any of the Chargor's other obligations under the Charge, the Chargee may foreclose the right, title and equity of redemption of the Chargor to and in the Lands.

30. Neither the Chargor nor any person claiming an interest in the Lands under the Chargor shall interfere in any way with the Chargee's possession of the Lands (if the Chargee goes into possession in exercising its rights under the Charge) nor with the possession of anyone to whom the Lands are sold or leased by the Chargee.

31. No right or remedy of the Chargee under the Charge or which the Chargee may have at law shall be exclusive or dependent on any other right or remedy, but any one or more of such rights and remedies may from time to time be exercised independently or in combination and may be exercised more than once.

RECEIVER

32. The Chargor agrees that if and whenever the Chargee becomes entitled hereunder to enter into possession of the mortgaged premises it may, in its discretion, by writing appoint a Receiver of the mortgaged premises or any part thereof and of the rents and profits thereof and from time to time remove any Receiver and appoint another in his stead and that in making any such appointment or appointments the Chargee shall be deemed to be acting as the attorney for the Chargor.

33. The following provisions shall apply upon the appointment of any such Receiver: 1) such appointment may be made either before or after the Chargee shall have entered into or taken possession of the mortgaged premises or any part thereof; 2) every such Receiver may, in the discretion of the Chargee, be vested with all or any of the powers and discretions of the Chargee; 3) the Chargee may from time to time fix the remuneration of every such Receiver and direct the payment thereof out of the mortgaged premises or the proceeds thereof; 4) every such Receiver shall, so far as concerns the responsibility for his acts or omissions, be deemed the agent of the Chargor and in no event the agent of the Chargee and the Chargee in making or consenting to such appointment shall not incur any liability to the Receiver for his remuneration or otherwise howsoever; 5) all moneys from time to time received by such Receiver shall be paid by him firstly, in discharge of all rents, taxes, rates, insurance premiums and outgoings affecting the mortgaged premises; secondly, in payment of his commission as Receiver and the cost of executing necessary or proper repairs; thirdly, in keeping in good standing all charges on the mortgaged premises prior to this Charge; fourthly, in payment of the interest accruing due under this Charge; and the residue of any money so received by him shall be applied on the Principal Amount from time to time owing under this Charge.

REALIZATION

34. The Charge is in addition to and not in substitution for any other security held by the Chargee for all or any part of the moneys secured by the Charge. The Chargee may realize upon its various securities or any part thereof or make demand for payment of any promissory note which may be delivered by the Chargor and accepted by the Chargee by way of renewal of or substitution for the same in such order as the Chargee may see fit, and any realization, whether by foreclosure or by sale, of any security or securities shall not bar realization upon any other security or securities or the demanding of payment of any such promissory note. The Chargee shall not be bound to have recourse to or exhaust its recourse against the Chargor or against any other person or persons or against any security or securities before enforcing its rights under the Charge.

GUARANTEE

35. The following provisions have force and effect only if a party signs the Personal Line of Credit Agreement and this Charge as Guarantor. In consideration of the Chargee advancing the Principal Amount or part thereof to the Chargor, other valuable consideration and the sum of ONE DOLLAR ($1.00) of lawful money of Canada, the receipt whereof is hereby acknowledged, the Guarantor covenants and agrees with the Chargee that the Guarantor is liable to pay and satisfy all moneys at any time secured by this Charge and duly perform and observe all covenants, agreements, and provisos in the Charge contained; and further, that the Guarantor shall be primarily liable to the Chargee and shall not be released nor shall his liability hereunder be limited or lessened by any variation in or departure from the provisions of this Charge nor by the Chargee granting time, taking or giving up securities, accepting proposals, granting releases or discharges or otherwise dealing with the Lands or the parties hereto or any of them or any other person or persons nor by any other thing whatsoever either of a like nature to the foregoing or otherwise, including the bankruptcy or insolvency of the Chargor whereby as surety only the Guarantor would or might be released, and that the Chargee shall not be bound to exhaust its recourse against the Chargor or against any other person or persons before enforcing its rights against the Guarantor, and each Guarantor shall be jointly and severally liable with all other Guarantors and Chargors in respect of all of their obligations under the Charge. The Guarantor further agrees that the Chargee may from time to time without notice to him extend the time for payment of all moneys secured by this Charge, amend the terms and times of payment and the rate of interest with respect to the said moneys, refrain from enforcing payment of the said moneys, release any portion or portions of the Lands and waive or vary any of the covenants and conditions in this Charge to be kept, observed and performed by the Chargor and grant any indulgence to the Chargor in respect of any default by the Chargor which may arise under this Charge, and that notwithstanding any such act by the Chargee, the Guarantor shall be bound by the provisions of this Charge until all of the moneys secured under this said Charge shall have been fully paid and satisfied.

CONDOMINIUM

36.(1) If the Lands form part of the property described in a Declaration under the Condominium Act (Ontario) or such statutory provision as may be enacted in substitution or amendment therefor (the "Condominium Act") and registered pursuant to the provisions thereof (the "property"), the provisions of this paragraph 36 shall apply and the expression "Condominium Corporation" shall mean the corporation created by the registration of such Declaration.

(2) The Chargor agrees with the Chargee to:

- (a) deliver to the Chargee by personal delivery or by prepaid registered mail a copy of each and every
  - (i) claim or demand made upon the Chargor for payment by him to the Condominium Corporation (or to any person, firm or corporation duly authorized to receive moneys otherwise payable to the Condominium Corporation) at least ten clear days prior to the date upon which such claim or demand becomes due and payable as provided by its terms;
  - (ii) notice of any breach of any of the provisions of the Condominium Act or of the Declaration of or any by-law of the Condominium Corporation or of any rule or regulation of the owners of the units, within five days of the date upon which such notice is received by the Chargor;
  - (iii) request or demand for the consent of the Chargor to any matter affecting the Lands or the common elements of the Condominium Corporation within five days of the date upon which such request or demand is received by the Chargor; and
  - (iv) notice of any meeting of the Condominium Corporation to consider any matter affecting in any way the Lands or the common property of the Condominium Corporation at least ten clear days prior to the date of such meeting; and
- (b) pay any and all moneys due and payable by the Chargor from time to time in accordance with the provisions of the Condominium Act or the Declaration or by-laws of the Condominium Corporation on or before the date any such payment is due and, upon demand of the Chargee, submit satisfactory proof of payment, including, without limiting the foregoing, any contributions to common expenses required as owner. In the event of failure by the Chargor to make any such payment the Chargee may, at its option, pay the same and such payment(s) together with all reasonable costs, charges and expenses incurred in respect thereof shall be payable by the Chargor to the Chargee forthwith;
- (c) comply with and observe all the covenants, provisions, terms, conditions, stipulations, specifications, rules and regulations of the Condominium Act and of the Declaration and by-law or by-laws of the Condominium Corporation and of any of the rules and regulations of the owners of the units, all as amended from time to time.

(3) In addition to all other circumstances in which all amounts payable under the mortgage may become payable forthwith, in the event (i) that the government of the property by the Condominium Corporation is terminated, (ii) of an expropriation, (iii) of a sale of the property or a part of the common elements of the Condominium Corporation being authorized by a vote of the owners of the units, (iv) of the failure of the Condominium Corporation to comply with the Act, the Declaration, the by-laws or the rules of the Condominium Corporation, or (v) that the Condominium Corporation, in the opinion of the Chargee, fails to properly manage or maintain the Condominium Property or the assets of the Condominium Corporation, then all amounts payable under the Charge shall, at the option of the Chargee, become due and payable forthwith and the Chargee may exercise any or all of the powers the Chargee may have under the Charge notwithstanding any consent given by the Chargee to such termination, expropriation or sale.

(4) The Chargor irrevocably authorizes the Chargee to exercise from time to time and at any time, in the name of the Chargor and on behalf of the Chargor, the Chargor's right to vote at all meetings of the members of the Condominium Corporation and for all purposes, wherever and whenever the Chargor would have such right to vote, and irrevocably authorizes the Chargee to exercise from time to time and at any time the right of the Chargor to consent to any matter relevant to the management or sale of any dealings with the property of the Condominium Corporation or its assets or the termination of the application of the Condominium Act to the Condominium Corporation, at any time or times and for all purposes, wherever and whenever the Chargor would have such right of consent.

(5) The Chargee may from time to time waive its right to vote or right of consent by giving notice of its intention so to do to the Condominium Corporation and such waiver may be for an indeterminate period of time until withdrawn or for a limited period of time or for a specific meeting or matter, and while such waiver is in effect the Chargor may exercise the right to vote or to consent.

(6) Notwithstanding the exercise by the Chargee of the right of the Chargor to either vote or consent, such exercise shall not render the Chargee a mortgagee or chargee in possesion.

(7) The Chargee's right to vote or to consent does not impose any duty on the Chargee nor entail any representation, express or implied, that the Chargee shall be in any way responsible to protect the interest of the Chargor, and the Chargee shall not be responsible for any exercise of the right to vote or right to consent or any failure to exercise the right to vote or right to consent.

(8) Notwithstanding paragraph 16, the obligations of the Chargor to insure, keep and maintain insurance, to assign and, deliver the policy or policies of insurance and all renewal receipts and evidence pertaining thereto, may be performed by the Condominium Corporation rather than the Chargor and the proceeds of such insurance may be payable in accordance with the provisions of the Declaration and By-Laws of the Condominium Corporation. Forthwith upon the happening of any loss or damage the Chargor shall comply with the provisions of the policy or policies of insurance and with the insurance provisions of the Declaration and By-Laws and as a member of the Condominium Corporation shall seek full compliance by the Condominium Corporation with such provisions.

(9) If the Condominium Corporation fails to provide insurance that complies with paragraph (8), the Chargor must do so and, if requested by the Chargee, the Chargor shall insure all improvements which the Chargor or

previous owners of the Lands have made to the Lands or obtain insurance against those additional risks that the Chargee requires. If the Chargor fails to obtain such insurance upon request by the Chargee, or fails to provide evidence that such insurance has been obtained, the Chargee may obtain such insurance and pay the premiums. Any such premiums paid by the Chargee and any other amounts expended by the Chargee in exercising its rights under this paragraph shall be payable by the Chargor to the Chargee forthwith.

(10) Upon request by the Chargee, the Chargor shall pay to the Chargee on the dates specified by the chargee a prorated portion of the Chargor's required contributions to common expenses next to become due and payable as estimated from time to time by the Chargee so that the Chargee shall have sufficient funds on hand to pay such contributions on or before the date such payment is due, and if the Chargor's share of common expenses for any year as finally determined exceeds the Chargee's estimate for that year, the Chargor shall pay to the Chargee forthwith the amount required to make up the deficiency. Unless the Chargor is in default under the charge, the Chargee will apply any such moneys actually received from the Chargor to pay such common expenses, but no such moneys shall be held in trust, the Chargee shall not be obligated to pay any interest or other allowance thereon, and after the happening of default under any of the provisions of the Charge the Chargee shall be entitled, at its option, to apply any such money then held by the Chargee to reduce any amount secured by the Charge.

AMENDMENTS TO CHARGE; NO NEED TO REGISTER

37. The Chargee may from time to time amend the Personal Line of Credit Agreement and the Charge (including an amendment to the rate of interest payable under the Personal Line of Credit Agreement and the Charge), notwithstanding that there may be subsequent encumbrancers, by mailing or otherwise sending a notice to the Chargor at the latest address of the Chargor appearing in the Chargee's records. Such notice will be deemed to have been received the fifth day after it has been mailed to or left at such address and may apply to existing as well as future indebtedness and liabilities of the Chargor to the Chargee. No such amendment need be registered on title in order to retain priority for the Charge as so altered over any instrument registered after the Statutory Form.

DISCHARGE OF CHARGE

38. At any time when there is no indebtedness or liability of the Chargor to the Chargee under the Personal Line of Credit Agreement, no other amount payable under the Charge and the Chargor is in compliance with all of the Chargor's obligations under the Charge, the Chargor may request in writing a discharge and upon payment of all legal and other expenses incurred by the Chargee for the preparation, execution and delivery of such discharge (including the Chargee's usual fee for providing such services) the Chargee shall deliver such document to the Chargor, provided that no further indebtedness or liability has been incurred by the Chargor under the Personal Line of Credit Agreement and no other amount has become payable under the Charge in the time between such request and such delivery. The Chargee may, at its option, accept or request a discharge of the Charge prepared by the Chargor provided the Chargee receives an administration fee from the Chargor for the processing and execution of such discharge.

ASSIGNMENT OF RENTS

39.(a) As additional security, in consideration of the sum of One Dollar and other good and valuable consideration now paid by the Chargee to the Chargor (the receipt whereof is hereby acknowledged) the Chargor hereby gives, grants, assigns, transfers and sets over unto the Chargee all rents, both present and future, payable under any leases and agreements now or hereafter affecting the Lands and premises together with all right, benefit and advantage to be derived therefrom to have and to hold the same unto the Chargee, its successors and assigns, absolutely.

(b) Nothing herein contained shall be deemed to have the effect of making the Chargee responsible for the collection of the Rents or any part thereof or for the performance of any of the covenants, provisions, stipulations, terms or conditions either by the Lessee or by the Lessor and the Chargee shall not by virtue of these presents be deemed to be a Chargee in possesion of the Lands and premises.

(c) The Chargee shall be liable to account for only such monies as may actually come into its hands by virtue these presents after deduction of all collection charges, inspection fees and other expenses to which the Chargee may put in respect thereof and that such monies when so received by it, shall be applied on account of the said Charge to which these presents are taken as collateral security.

(d) The Chargee shall not exercise its rights covered by these presents until such time as the Chargor shall make default in any of the terms and provisions of the Charge and on the part of the Chargor to be performed thereunder. The Chargor hereby acknowledges and agrees that the decisions of the Chargee as to whether or not there has been any such default shall be final and conclusive and binding in every respect upon the Chargor.

LEASEHOLD CHARGE

40. (1) This section applies if the interest charged as shown in the Statutory Form is or includes a leasehold interest.

(2) The Chargor represents to the Chargee that

   (a) the lease is owned by the Chargor subject only to those charges and encumbrances that are registered in the land titles office at the time the Chargor signs the Statutory Form;
   (b) the lease is in good standing;

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- (c) the Chargor has complied with all the Chargor's promises and agreements contained in the lease;
- (d) the Chargor has paid all rent that is due and payable under the lease;
- (e) the lease is not in default; and
- (f) the Chargor has the right to charge the least to the Chargee.

(3) The Chargor will

- (a) comply with the lease and not do anything that would cause the lease to be terminated;
- (b) immediately give to the Chargee a copy of any notice or request received from the landlord;
- (c) immediately notify the Chargee if the landlord advises the Chargor of the landlord's intention to terminate the lease before the term expires; and
- (d) sign any other document the Chargee requires to ensure that any greater interest in the Lands that is acquired by the Chargor is charged by this Charge.

(4) Any default under the lease is a default under this Charge.

(5) The Chargor promises to the Chargee that the Chargor will not, without first obtaining the written consent of the Chargee

- (a) surrender or terminate the lease; or
- (b) agree to change the terms of the lease.

(6) The Chargee may perform any promise or agreement of the Chargor under the lease.

(7) Nothing done by the Chargee under this section will make the Chargee a Mortgagee or Chargee in possession,

(8) If the Chargor shall, at any time prior to payment in full of all monies secured hereby, acquire title in fee simple to the Lands and premises of any other greater estate in the Lands and premises demised by the lease, then the charge of this Charge shall automatically attach, extend to and charge such title or greater estate.

COMPLIANCE WITH LAWS

41. The Chargor shall comply with all applicable rules, laws, and regulations, including environmental protection laws, and shall not commit any act, omit to do anything, or use the Lands in such a manner as to result in a breach of said laws. The Lands shall be used for residential purposes only, and shall not be used for the storage of any hazardous materials. The operation of oil or natural gas wells shall not be permitted on the Lands. The Chargor will promptly notify the Chargee of any event or fact coming within his or her knowledge which may constitute or result in a breach of said laws and shall indemnify the Chargee from all claims, expenses, and costs (including cleanup costs) resulting from such non-compliance.

DATED this 5 day of October 2008

HSBC Finance Mortgages Inc.

Per: ______________________
Authorized Signing Officer
– President & CEO

Per: Steven K Bulger
Authorized Signing Officer
– Director of Canadian Branch Operations

'We have the authority to bind the Corporation'

STANDARD CHARGE TERMS
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SHINHAN BANK Canada

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200829 Cote
Filing Date NOV. 21st 2008 Date de Dépôt
Page 1 of/de 17 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Set of Standard Charge Terms

Land Registration Form Act (the "Act")

Filed by: Shinhan Bank Canada

The following set of Standard Charge Terms shall be deemed to be included in every charge/mortgage (the "Charge") which refers to this set of Standard Charge Terms by its filing number, as provided in section 9 of the Act.

THE CHARGE

1. The Chargor hereby charges the property identified in the Charge as the charged property (the "Property") to Shinhan Bank Canada (the "Bank") to secure:

   a) the performance of all of the Chargor's obligations to the Bank;

   b) payment of any money borrowed by the Chargor from the Bank, all interest (including compound interest) and costs owing from time to time by the Chargor to the Bank;

   c) all contingent obligations of the Chargor to the Bank where the Chargor is providing financial assistance to another person, corporation or entity; and,

   d) any other debts, liabilities, present or future, direct or indirect, absolute or contingent, matured or not, now or at any time due or owing or remaining unpaid by the Chargor to the Bank, whether incurred by the Chargor alone or with others.

2. In consideration for the Bank making a loan or extending credit to or on behalf of the Chargor or any other person, corporation, or entity to whom the Chargor may provide financial assistance, the Chargor and every guarantor shall be indebted to the Bank and must in a timely and punctual manner:

   a) repay the loan in full;

   b) pay interest to the Bank on the loan at the interest rate set for the loan in the Charge or in any underlying agreement to which the Charge relates;

   c) pay any and all other costs and expenses under the Charge, as more particularly set out herein;

d) observe every other term, consent, provision or promise made to the Bank in the Charge, in this set of Standard Charge Terms or any other document; and,

e) all without set off, deduction, reduction, counterclaim, or withholding of any kind for any reason.

3. Until all such indebtedness as set out above (the "Indebtedness") has been paid to the Bank and satisfied, the Charge shall stand as a continuing security to the Bank for the payment and performance obligations of the Chargor and shall not be discharged. As long as the Charge remains a Charge on the Property, the Chargor releases all of its claims on the Property to the Bank.

4. Nothing in this Charge shall oblige the Bank to make advances of money to the Chargor or any other person. Furthermore, no partial advance of money made by the Bank to the Chargor or any other person shall obligate the Bank to advance the balance of money contemplated under the Charge or under the loan to which it relates. The Charge shall take effect from the time that it is given, even where no monies have been advanced thereunder.

5. The Chargor may remain in possession of the Property as long as the Chargor is not in default under the Charge.

6. Any reference to the Charge in this set of Standard Charge Terms shall refer not only to the Charge, but also any amendments thereto. These Standard Charge Terms will continue to apply to the Charge notwithstanding any amendment whatsoever, renewal, extension, assumption or assignment. The Charge and any amendments to the Charge shall secure what is owed, whether or not the loan agreement to which it relates has been amended in any manner whatsoever, the interest rate has been varied, or the time for a payment has been extended or renewed.

INTEREST

7. Interest is chargeable on the principal amount advanced by the Bank at the interest rate and with the calculation and payment periods set by the terms of the Charge (and/or any loan agreement to which it relates) both before and after maturity, default, and any judgment obtained by the Bank, until all such interest and indebtedness has been paid in full.

8. Interest unpaid when due will be added to the indebtedness and bear compound interest at the same interest rate and with the same frequency specified by the terms of the Charge (or any loan agreement to which it relates).

9. The Chargor shall pay interest to the Bank (and interest on overdue interest) on any costs that are incurred by the Bank for which the Chargor is liable from the time that

the costs are incurred until the costs are paid at the same interest rate and with the same frequency specified by the terms of the Charge (or any loan agreement to which it relates).

10. Interest accrued from the day the Bank makes any advance to the day before the interest adjustment date shall be paid by the Chargor on the interest adjustment date. At its option, the Bank shall be entitled to deduct the pre-interest adjustment date interest from the loan advance. For the period of time after funds advanced but before the interest adjustment date, interest will be calculated using the same interest rate specified by the terms of the Charge (or any loan agreement to which it relates).

11. Where the Charge or any loan agreement to which it relates specifies a fixed interest rate, the interest payable by the Chargor shall be calculated on each regular payment date using an interest rate factor equal to the interest rate specified in the Charge or any agreement to which it relates.

12. Where the Charge or any loan agreement to which it relates specifies a variable interest rate, the interest payable by the Chargor shall be based on the Bank's prime rate (known as the "Shinhan Bank Canada Prime Rate"), and shall be calculated monthly, not in advance. The interest rate will vary automatically according to changes made to the Shinhan Bank Canada Prime Rate which may change at any time or times. The Chargor hereby waives any right to notice, and shall not be entitled to receive notice of any changes in the Shinhan Bank Canada Prime Rate. Interest shall be calculated by multiplying the outstanding principal amount by the prevailing variable interest rate available to the Chargor in effect at the time (which may be at a specified rate higher or lower than the Shinhan Bank Canada Prime Rate). The result shall be divided by the number of days in the year to determine daily interest payable by the Chargor for as long as the same variable interest rate remains in effect.

13. Where the variable interest rate available to the Chargor increases, the Bank reserves the right to increase the monthly payments required of the Chargor.

INSTALMENTS

14. The Chargor must pay the amount of each installment on every installment date commencing on the first installment date and ending on the last installment date, all as specified in the Charge. The Bank will apply each installment as follows:

a) first, to pay any costs and expenses that the Chargor must pay to the Bank;

b) second, to pay any compound interest outstanding and owed to the Bank;

c) third, to pay accrued interest on the loan to that date; and,

d) fourth, to reduce the principal amount of the loan.

15. After default, the Bank retains the right to apply any amounts received as an installment in any manner that it chooses, notwithstanding the order of payments prescribed in paragraph 14 above.

COST AND EXPENSES

16. The Chargor shall bear and be responsible to pay all costs and expenses related to the following, whether such costs or expenses are charged by the Bank, incurred by the Bank, or charged by third parties.

a) any costs incurred or charged by the Bank in respect of arranging the Charge and taking security;

b) inspecting the Property, appraising the value of the Property, and surveying the Property;

c) preparing or registering the Charge or any other security and any other documents related to the Charge or any agreement to which it relates;

d) searching title to the Property and/or obtaining title insurance including any premium or surcharges therefor ;

e) any insurance premium (for an insured mortgage), any tax on such premium, and any application fee;

f) any costs incurred by the Bank, exercising its powers under the Charge including, without limitation, after default by the Chargor in respect of the Charge or any agreement to which it relates. Without limiting the generality of the foregoing, this includes any costs incurred by the Bank to arrange fire or property insurance, to inspect the Property, to pay property taxes, utilities or other debts relating to the Property where the Bank arranges to do so, to pay a property manager or receiver where the Bank chooses to do so, to pay any amount owing under a prior mortgage to keep it in good standing if the Bank chooses to do so, to repair, maintain or manage the Property if the Bank chooses to do so, and to do anything that the Chargor has failed to do that is obligated to do under the Standard Charge Terms, the terms of the Charge or any agreement to which it relates, or at law that the Bank chooses to do;

g) any other costs for carrying out any steps that the Bank is entitled to under these Standard Charge Terms, the Charge or any agreement to which it relates, or at law;

h) any costs incurred by the Bank with a lawyer on a substantial indemnity basis; and,

i) any of the usual administration fees that the Bank may charge from time to time.

PREPAYMENT

17. The Chargor may prepay all or part of what is owed where the Charge specifically gives the Chargor a right to make prepayments. However, any such right to make prepayments shall not apply where the Charge is in default. Notwithstanding the making of any prepayments, the Chargor shall continue to pay the installments in the same amounts specified in the Charge or any agreement to which it relates.

AMENDMENTS

18. An agreement for the amendment, renewal, extension, assumption, or assignment of the Charge shall be in writing and signed by the Chargor and the Bank, and shall not be implied from or construed by reason of any payment(s) or any act taken by any of the parties, whether before or after the maturity of the Charge.

19. Despite the existence of subsequent encumbrancers, any amendments (which may include an increased rate of interest), extension, renewal, assumption or assignment shall not alter the priority of the Charge in relation to any subsequently registered instruments or encumbrances, or lessor the liability of any person, corporation or entity under the Charge.

COVENANTS OF THE CHARGOR

20. The Chargor hereby covenants and agrees with the Bank as follows:

a) exclusion of sub section 7 (1) of the *Land Registration of Form Act, 1984*.

The covenants otherwise deemed to be included in a charge by sub section 7 (1) of the *Land Registration Form Act, 1984*, shall be and are hereby expressly excluded from the terms of the Charge. The Chargor shall, before or after default, execute such further assurances of the Property and do such other acts, at the Chargor's expense, as may be reasonably required;

b) Good Title

As of the time of execution, delivery and registration of the Charge, and the advance of monies there under, the Chargor is the sole, rightful and absolute owner of the Property in fee simple, without limitations, encumbrances, or exceptions thereto. The Chargor covenants not to interfere whatsoever in any manner with the Bank's interest in the Property. The Chargor's entire interest in the Property is charged to the Bank;

c) Right to Charge

The Chargor has valid, effective, binding and absolute authority to charge the Property and all appurtenances thereto to the Bank. If the Chargor is a corporation, it has taken all corporate steps to validate the delivery to the Bank and registration of the Charge;

d) Pay and Observe Covenants

The Chargor covenants to pay or caused to be paid to the Bank without set off, deduction or abatement whatsoever, principal, interest and costs secured by the Charge punctually when due. The Chargor further covenants to observe, fulfill, perform and maintain all of the terms, provisions, covenants, agreements and stipulations of any kind set forth in the Charge and any agreement to which it relates;

e) Delivery of Possession to Bank on Default

upon and after default of any monetary or non monetary obligation whatsoever owed by the Chargor under the terms of the Charge (or any agreement to which the Charge relates), the Bank shall have the right to enter upon, take and keep possession and otherwise occupy and enjoy the Property and all appurtenances, without let, suit, hindrance, interruption, or denial of the Chargor, or any other person(s), corporation(s), or entity, free and clear of all arrears related to taxes, duties, utilities or other encumbrances upon the Property;

f) Cooperation Upon Default

upon and after any default by the Chargor in any monetary or non monetary obligation, the Chargor shall fully and without exception cooperate in handing over and delivering possession of the Property and taking such steps and executing such documents and assurances as the Bank may request in order to effect transfer of possession and/or conveyance of title to the Bank or as the Bank otherwise direct;

g) Protecting Title

the Chargor promises to protect the Chargor 's title to the Property (subject to the Bank's rights and remedies), as well as the physical integrity of the Property. The Chargor represents and covenants that the

Chargor has not done, omitted or permitted anything to be done by which the Property is or may be transferred, affected or made subject to a property claim, other than the Charge, and that if the Bank recovers possession of the Property, the Bank will have quiet possession and enjoyment of it free from all property claims (other than any property claim that pre-existed the Charge which the Bank has consented to be subject to in writing);

h) Description and Fixtures

the Chargor represents and covenants that the Property conforms to every description or plan given to the Bank, and that it includes all buildings and improvements in every description. Further, the Chargor agrees that the Charge includes not only the Property, but also the fixtures located on the Property at the time that the Charge is entered into and subsequently.

TAXES

21. The Chargor covenants to punctually pay all taxes now or hereafter levied, imposed or charged upon the Property and to provide the Bank with satisfactory proof of such payment. The Bank retains the right to pay such taxes and may, at its option, deduct such taxes from any advances of principal monies secured by the Charge. Further, the Bank reserves the right to require the Chargor to provide to the Bank with each payment installment an additional sum representing an estimate of the monies required to pay the taxes over the course of one year, in which case the Bank will retain such monies and apply them toward payment of the taxes as they fall do or at such earlier time as the Bank sees fit in its sole discretion.

INSURANCE

22. The Chargor must keep and maintain every building and every other improvement on the Property, including property in which it may have a lease hold interest, insured against loss or damage by the risks usually covered by an "all risks" policy with standard extended coverage, including fire, lightening, flood and tempest. The policy must cover at a minimum the cost of replacing all of the buildings or improvements with a similar one. The policy must also be sufficient to prevent the insurer from reducing the proceeds under a "co insurance" clause. The policy must contain a standard mortgage clause indicating that the proceeds of any loss shall be payable to the Bank. The Chargor must also obtain and maintain insurance for all of the Property that a prudent owner would normally carry when insuring a similar property using it in a similar manner and location. When any risk caused by anything (including, without limitation, a boiler, machinery, or sprinkler system) or an activity on the Property is not covered by the "all risks" policy, the Chargor must purchase insurance for the Property against all loses usually covered by a policy in relation to that risk. Where the

Property generates revenue from tenants, the Chargor must obtain further insurance to cover the loss of rents and payment by tenants toward taxes, maintenance and insurance, for not less than one year. The Chargor must further acquire insurance against general public liability. The Chargor must further acquire and maintain insurance against any risk relating to the Property that the Bank request.

23. Any insurance policy acquired by the Chargor must be with a properly registered and bonded insurer. Any insurance policy must provide for the Bank to receive at least fifteen (15) days' notice before the policy is terminated, cancelled, not renewed, or materially modified.

24. The Chargor covenants to punctually pay the premiums for all insurance required under the Charge or by the standard charge terms, and to comply with all of the Chargor's obligations under each insurance policy including compliance with all the terms relating to the Chargor's right to collect under each such policy. The Chargor must deliver a certified copy of each insurance policy and every amendment to it to the Bank, as well as proof of renewal at least fifteen (15) days before its expiry, and at least five (5) days before its replacement. On request, the Chargor shall provide the Bank with proof of payment of the premiums under each insurance policy.

25. If any of the Property that is insured is lost or damaged, the Chargor must immediately notify the Bank in writing, make a claim in accordance with the applicable insurance policy, and ensure that the proceeds are paid to the Bank. Despite any loss or damage to the charged Property, the Chargor remains liable to the Bank for all of its monetary and non monetary obligations. Without the Bank's written consent, the Chargor may not restore or replace any property that has been lost or damaged.

26. The Bank may apply the insurance proceeds to reduce the amount owed, to restore or replace the Property, or to be paid to any party entitled thereto, or any combination thereof. The Bank may also hold the insurance proceeds and apply them to pay installments under the Charge as they become due.

27. If the Chargor does not comply with any of the obligations to insurer herein, the Bank may arrange any insurance at the expense of the Chargor, and the cost of same shall be edited to the indebtedness and shall accrue interest at the same interest rate specified in the Charge.

28. The Chargor covenants with the Bank to keep the Property in good condition and repair and not to commit any act of waste on the Property or do anything which in the sole discretion of the Bank shall have the effect of diminishing the value of the Property. The Bank shall have the right, from time to time and whatever it deems it necessary, to send an agent or representative to enter upon and inspect the Property, the cost of which shall be paid by the Chargor. The Chargor further covenants with the Bank to ensure that no part of the Property or of any adjoining land is, has ever been, or will in

the future used to manufacture, store or otherwise deal or trade in any hazardous substances, except in compliance with all laws, regulations and orders and, furthermore, that no part of the Property contains, has ever contained or will in the future contain any hazardous substance which may adverse the effect, the value and/or the ability to market or transfer the Property. In the event of any breach of any of the covenants set forth herein, the Bank shall have the option to declare the full amount of the Chargor's indebtedness under this charge to become due and payable immediately. The Bank's option, it may take such steps to effect repairs or to remediate the Property, all at the expense of the Chargor.

DUE ON SALE/TRANSFER

29. If the Chargor sells, transfers, conveys, encumbers, refinances or otherwise disposes of all or part of the Property or any interest of the Chargor therein, then, at the option of the Bank, all amounts, whether principal, interest, costs, or otherwise as may be owing under the Charge shall become immediately due and payable and shall bear interest at the interest rate specified in the Charge to the date of payment.

30. No change of ownership of the Property shall in any way affect or prejudice the rights of the Bank against the Chargor or any other person liable for payment of any of the indebtedness secured by the Charge, even where the Bank has approved any new owner or accepted payment from any new owner of the Property.

DUTY TO COMPLY WITH THE LAW

31. The Chargor covenants that the Bank to comply with all laws, regulations, by-laws and/or orders whatsoever applicable to the Property including, without limitation, any related to zoning, land use and/or environmental protection. The failure of the Chargor to comply fully with this covenant in a timely and effective manner shall entitle the Bank, at its option, to take such steps or make such alterations or improvements whatsoever to the Property in order to achieve compliance, provided the Bank shall not be obligated to complete what it may have commenced in this regard, and provided further that any costs and expenses incurred whatsoever on the part of the Bank in taking any such steps shall immediately be payable by the Chargor to the Bank and, if unpaid, shall accrue interest at the rate specified in the Charge and be added to the indebtedness secured by the Charge.

ALTERATIONS OR IMPROVEMENTS

32. The Chargor covenants not to make or permit any alterations, additions or improvements to the Property without first submitting the proposed plans to the Bank and obtaining the written consent of the Bank. Where the Bank has approved such alterations, additions or improvements, the Chargor covenants to complete the work as competently but as promptly as is reasonably possible in accordance with all

government requirements regarding building and zoning, environmental protection, and any other applicable standards set by statute or regulation, including first obtaining all appropriate permits and licenses before commencing any work whatsoever on the Property, and delivering to the Bank, on request, proof of compliance, all of which shall be done at the expense of the Chargor. The Chargor shall pay all costs but shall meet all required holdbacks required by law (unless the Bank does so), and shall ensure that any lien registered against the Property shall be removed from title forthwith, failing which, at the option of the Bank, the Charge shall be deemed to be in default.

33. Where any of the money secured by this Charge is to be used in whole or in part to pay for any construction, alteration, addition or improvement to the Property, the Bank may make progress advances and shall have the right to obtain funds from any advance satisfies the holdback provisions of the *Construction Lien Act* or any such similar legislation.

34. If the Chargor fails at any time for a period of ten (10) days diligently carry on any construction, alteration, addition or improvement to which the Bank has given its written consent, or departs from the generally accepted standards of construction, the Bank may at its option enter the Property and take exclusive possession thereof and of all materials, plant, gear and equipment thereon free from interference by the Chargor and complete the construction, addition, alteration or improvement either according to the plans and specifications approved by the Bank or such other plans and specifications as the Bank may in its sole discretion adopt, all at the cost of the Chargor.

FURTHER TERMS FOR A CONDOMINIUM

35. The following provisions in this section apply where the charged property is part of a condominium and includes a condominium unit, locker, and parking space where applicable:

a) as added security, the Chargor transfers to the Bank the benefit of all the Chargor's rights relating to the condominium and irrevocably appoints the Bank to exercise such rights including a right to vote or to provide consent or to call a meeting. At the Bank's option, the Chargor shall follow the instructions of the Bank about how to exercise any such rights;

b) the Chargor must pay all the common expenses when they are due and provide the Bank on request with proof of payment. At the Bank's option, it may rely on a statement that appears to be issued by the managing body of the condominium and pay common expenses that appear to be due.

36. If the Bank permits the Chargor to vote that shall not operate as a waiver of the right of the Bank at any time thereafter to assert its right to vote in place of the Chargor,

or to direct the Chargor's vote in any manner that the Bank sees fit in its sole discretion. The Chargor may not vote for any resolution that, upon implementation, would reduce the value of the Chargor's unit, locker, parking space, or any of the Bank's security.

37. The Chargor must comply with the condominium rules, keep the unit in a state of good repair and working order, and make such repairs or replacements that are necessary to maintain it in good repair and working order.

38. The Chargor must comply with all of the Chargor's obligations under condominium law and the condominium rules. Upon request, the Chargor shall provide proof of compliance to the Bank.

39. Upon request, the Chargor shall provide the Bank with a copy of any notices, assessments, by-laws, financial statements, condominium rules, and any other information that the Chargor receives or is entitled to receive from the managing body of the condominium. The Chargor hereby consents to the Bank requesting same from the managing body of the condominium.

40. The Chargor shall pay the Bank's cost of obtaining any information from the managing body of the condominium, exercising a right to vote or to consent, enforcing any right to compel compliance with condominium law or the condominium rules, and any other action taken by the Bank in relation to the condominium.

41. Where there is any adverse material change in the management or operation of the condominium or to the condominium rules or by-laws or where the condominium is subject to a judgment or order, the appointment of an inspector, administrator or similar officer under condominium law, or any other matter that materially affects the value of the condominium, the Bank may at its option require that the whole amount of the amount secured by the Charge be payable immediately.

DEFAULT

42. If the Chargor fails (whether or not such failure is caused by an event within or outside of the Chargor's control):

- a) to pay the whole or any part of the monies which the Chargor is obliged to pay under the Charge when due;
- b) to comply with any monetary obligation under the Charge whatsoever;
- c) to comply with any non-monetary obligation under the Charge whatsoever;
- d) to fulfill any covenant or promise made to the Bank or if any information given to the Bank is determined to be false in a material respect, regardless of whether or not the Chargor knew it to be so;

e) to remain solvent, such that the Chargor becomes insolvent, makes a proposal or takes any proceeding under the *Bankruptcy and Insolvency Act*, or become subject to a judgment by any creditor,

f) to retain the Property by reason of any government or government agency acquiring all or part of the charged property, or giving notice of expropriation of same, or any person other than the Chargor acquiring all or part of the Property,

then the Charge shall be deemed to be in default and, at the Bank's option, the Bank may exercise any or all of its remedies under the Charge, these Standard Charge Terms, any other security, or at law. Upon default, at the option of the Bank, all principal, interest, costs and expenses secured by the Charge shall become immediately due and payable to the Bank. Where the Bank does not exercise this right to call in the principal, interest, costs and expenses secured by the Charge, it shall not be precluded from exercising the right to do so upon any future default or breach.

43. The remedies of the Bank upon default shall include:

a) entitlement to be paid all outstanding principal, interest (including compound interest), costs and expenses whatsoever that are owed, including amounts that have not otherwise become due, immediately;

b) commence legal action for collection of the amounts secured by the Charge;

c) take possession of the Property, the fixtures, and any other security covered by these Standard Charge Terms, the Charge, or any other document or security given to the Bank;

d) the Bank shall be entitled to collect rents or income from anything covered by these Standard Charge Terms, the Charge, or any other document security given by the Bank;

e) the Bank shall be entitled to lease, terminate the lease, or amend the lease of the Property;

f) on 35 days' notice, the Bank shall be entitled to enter upon and sell or lease the Property, without the let, suit, hindrance, interruption or denial of the Chargor or any other person, in which the case the Chargor hereby waives any entitlement to notice unless required by law;

g) the Bank shall be entitled to manage and operate the Property, do or complete any work or construction, and take legal proceedings related to the Property as it sees fit;

h) if a person, corporation or entity other than the Chargor also has an interest in anything covered by the security, the Bank shall be entitled to deal with that person, corporation or entity to acquire their interest or to divide the Property between those who have interest in it;

i) should the Bank enter on to the Property, it may take possession without being deemed to be a mortgagee in possession. It may inspect, take care of, lease, collect rent, and generally manage the Property as it sees fit, dispose of any personal property remaining on the Property and pay any debts related to the Property that it sees fit;

j) the Bank shall be entitled to commence an action or application to the Court seeking foreclosure of the Chargor's interest of the Property such that the interest of the Chargor and the Property will be absolutely transferred to the Bank and the Chargor will forfeit any interest in the Property permanently;

k) the Bank shall be entitled to appoint a receiver in accordance with the terms set out below.

44. The cost of any sale proceedings, recovering or keeping possession of the Property, or enforcing any remedy available to the Bank under this Charge or at law, shall be borne by the Chargor, which will include allowances for the time and service of any agent or employee of the Bank and shall bear interest at the rate specified in the Charge.

ASSIGNMENT OF OTHER RIGHTS

45. In addition to the Charge on the Property, the Chargor hereby assigns to the Bank all of the Chargor's right, title and interest in each of the following:

a) every insurance policy covering loss or damage to the Property, and every insurance policy covering loss of present or future income, rents or profits from the Property;

b) any present or future lease which may be granted by the Chargor and all rents or monies payable from time to time under such leases together with the benefits of all covenants and agreements contained in said leases and every right that the Chargor has as a landlord under a lease or tenancy of the Property or part thereof including the right to collect rent and other amounts payable under any lease or tenancy, guarantee or indemnity, or insurance payable under such a lease, although nothing herein shall obligate the Bank to collect rents or other amounts payable under any lease or tenancy of all or part of the Property or the performance of any of the tenant's non-monetary obligations under any such lease or tenancy.

The Bank shall not be deemed to be a mortgagee in possession of the Property merely by collecting the rents or other amounts payable under any such lease or tenancy.

ASSIGNMENT BY BANK

46. The Bank shall have the unqualified right at any time to transfer, assign or convey all or part of its right, title and benefit under the Charge or any other security to a third party without notice to the Chargor or guarantor or any other person who may be affected. In such instance, upon request, the Chargor and guarantor shall execute an acknowledgment in a form satisfactory to the Bank with respect to the terms and conditions of the Charge indicating the balance outstanding under the Charge as of the date of the acknowledgment and the Chargor shall deliver said acknowledgment to the Bank within five (5) calendar days of such request. The failure of the Chargor to comply with this paragraph shall constitute an event of default on the part of the Chargor which shall entitle the Bank to exercise any or all of the remedies set forth in the default provisions in this set of Standard Charge Terms.

NEW HOME

47. If the Bank incurs any cost or expense arising from or relating to any new home legislation or regulations thereunder, or any successor legislation including, without limitation, any expense relating to registration as a vendor under such legislation or enrolling the Property in a new home warranty property or comply with any warranty obligations, although the Bank is not obliged to pay for any such expenses, if the Bank chooses to pay such expenses shall be added to the indebtedness secured by the Charge in priority to any other interest or encumbrances registered subsequent to the Charge, and shall bear interest at the rate specified in the Charge shall be payable forthwith by the Chargor to the Bank.

NATIONAL HOUSING ACT

48. If the Charge is an insured mortgage under the Canada National Housing Act or insured by the Canada Mortgage and Housing Corporation, then the Charge is made under the National Housing Act, to the extent applicable.

DISCHARGE OF CHARGE

49. If all amounts whatsoever owing by the Chargor to the Bank have been paid when due, and where the Chargor has not been in default of its obligations under the Charge or these Standard Charge Terms or any other document or security in favour of the Bank, then the Bank will discharge the Charge and release back to the Chargor anything included in the security that has not been disposed of by the Bank pursuant to its rights. The Bank shall be entitled to a reasonable time after payment to verify its records and complete the discharge and/or transfer. The Chargor must pay the Bank's

cost for processing a request for discharge and giving or completing a discharge. These include the usual administration fee that the Bank charges as well as any registration fees, legal fees or disbursements.

GUARANTEE.

50. Any person, corporation or entity who is indicated as a guarantor in the Charge agrees to absolutely and unconditionally guarantee to the Bank all of the Chargor's monetary and non-monetary obligations under the Charge (or any other document, agreement or security to which the Charge relates) and the Standard Charge Terms. Without limitation, the guarantor guarantees that the Bank will be paid and that all other obligations of the Chargor will be complied with. The guarantee remains effective against the guarantor even if the Chargor becomes bankrupt or insolvent, or is discharged in a bankruptcy or other proceeding. The limit on the amount secured by the security does not limit the guarantee herein. The guarantor shall be liable as if the guarantor were the Chargor.

51. The guarantee shall be effective as against the guarantor even if the Chargor lacks the powers to have entered into the Charge or any other obligation to the Bank and whether or not any person acting on behalf of the Chargor lacks authority or acted fraudulently. The guarantee shall be effected as against the guarantor even if the Bank acted in a negligent fashion or did not make appropriate enquiry to determine the ability or the authority or the power of the Chargor to enter into the obligations.

52. Any dealing by the Bank or failure by the Bank to deal with the Chargor or any other person, corporation or entity, or with any right or security, shall not release the guarantor or lessen the guarantor's liability, whether or not the guarantor knows of or has consented to such dealing, and regardless of whether or not the Bank could have through greater diligence avoid an adverse dealing.

53. The guarantor's obligation shall be binding notwithstanding that the Bank may without notice to or the consent of the guarantor give the Chargor more time to comply with any of the Chargor's monetary or non-monetary obligations under the Charge, whether the Bank waives any rights that it has available to it, whether the Bank releases any person from liability, even if the person is another guarantor who is jointly and severally liable. The Bank shall be entitled to vary the terms of payment, the rate of interest, replace the debt, release any security, or all or part of the Property, or abstain from protecting or taking the benefit of any right against any person or thing, all without notice to or consent from the guarantor, and the guarantor shall remain fully liable under the guarantee.

54. This guarantee provision is in addition to, not in substitution for, any other written guarantee executed by the guarantor, where there is a conflict between this provision and any such written guarantee executed by the guarantor, the terms of the written

guarantee so executed shall prevail over those of this provision to the extent of such conflict. Where there is no such written guarantee executed by the guarantor, the terms of this provision shall apply and bind the guarantor as well as the guarantor's heirs, estate trustees, administrators, personal representatives, successors and assigns. Where there is more than one guarantor, the obligation of each guarantor shall be joint and several. The liability is an obligation under this guarantee or continuing.

SPOUSAL CONSENT

55. Where the Charge names a spouse of the Chargor as a consenting party to the Charge, the spouse hereby releases all interest in the Property to the extent this gives effect to the rights of the Bank, and agrees that the Bank may, without further notice, deal with the Property and the debt hereby secured as the Bank sees fit in its sole and exclusive discretion.

GENERAL PROVISIONS

a) Severability -- In the event that at any time any provision hereof is or becomes illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation, such that the Bank is unable to collect the amount of any loss sustained by it as a result of such inconsistency, invalidity or illegality, which it would otherwise be able to collect, then such provision shall not apply and the Charge in these Standard Charge Terms shall be interpreted so as not to apply to the extent of the illegality, invalidity or inconsistency, and the balance of the Standard Charge Terms herein shall continue to be of full force and binding effect.

b) Compliance -- The Chargor covenants at all times to promptly observe and comply with all private covenants and restrictions affecting the Property or any portion thereof, all applicable laws, rules, requirements, orders, directions, by-laws, or ___ work orders and regulations of every government authority and agency, whether federal, provincial, municipal or otherwise, including without limitation, those dealings with zoning, the environment, use, occupancy, subdivision, parking, historical designation, fire, access, loading facilities, landscape area, building construction, public health and safety. Upon request of the Bank, the Chargor shall provide to the Bank evidence of such observance and compliance, at the Chargor's expense.

c) Headings -- In these Standard Charge Terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the interpretation of the Charge or any part thereof;

d) Interpretation -- Following expressions shall include the following meanings;

- i) the "Chargor" shall include the heirs, estate trustees, administrators, successors and assigns of the Chargor;
- ii) the "Bank" shall include the successors and assigns of the Bank;
- iii) words in the singular shall include the plural, and vice versa, as the context requires;
- iv) words importing the masculine gender shall include the feminine and neuter, and vice versa, where the context requires;
- v) covenants, liabilities and obligations entered into were imposed by upon the Chargor shall enure to the benefit of the Bank and be binding upon the Chargor, the Chargor's heirs, estate trustees, administrators, successors and assigns;
- vi) where there is more than one Chargor or more than one guarantor, all such covenants, liabilities and obligations shall be joint and several;
- vii) any reference to a statute or legislation shall be deemed to be a reference to such statute or legislation as amended, re-enacted or replaced from time to time.

DATE OF CHARGE

56. The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of signature thereof by the Chargor and not later than the date of registration of the Charge.

REGISTRATION

57. The Chargor and guarantor irrevocably authorize the Bank, and anyone who the Bank authorizes, to enter into and register on behalf of the Chargor and guarantor an electronic document needed to register the Charge.

DATED this 18TH day of November, 2008.

SHINHAN BANK CANADA

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200829 ..... Cote

Per: Y.S. PARK

Name: Youngsham Park
Position: Vice President, Credit Department

"I HAVE AUTHORITY TO BIND THE SAID CORPORATION"

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200830 Cote
Filing Date Dec 2nd 2008 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

FILED BY: **FIRST NATIONAL FINANCIAL GP CORPORATION**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number as provided in Section 9 of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended, except to the extent that the provisions of these terms are modified by any additions, amendments or deletions provided for or stipulated in such charge, or in any schedule(s) annexed thereto.

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1. DEFINITIONS

In this set of Standard Charge Terms the following words shall have the following meanings.

"**Applicable Laws**" means all applicable federal, provincial and municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all common laws or equitable principles whether now or hereafter in force and effect.

"**Balance Due Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"Change of Control" has the meaning ascribed thereto in Section 15.

"**Charge**" means collectively, the Charge Form, this set of Standard Charge Terms, any Schedules attached to the Charge Form and all renewals, extensions or amendments thereof from time to time.

"**Charge Form**" means the form, stipulated by Applicable Laws, to which these Standard Charge Terms are attached or incorporated by reference or election.

"**Chargee**" means the Person or Persons named on the Charge Form as mortgagee or chargee and includes any Person to which the Chargee transfers this Charge.

"**Chargor**" means the Person or Persons named on the Charge Form as mortgagor or chargor and any successor in title to such Person or Persons with respect to the Property.

"**CMHC**" means Canada Mortgage and Housing Corporation and its successors and assigns.

"**Commitment**" means the written agreement to make and to accept the Loan entered into between First National Financial LP as lender and the Chargor prior to the execution of this Charge and includes any written communication between the parties renewing, extending or amending the terms of the Loan or any of the Loan Documents, together with all other renewals, extensions or amendments thereof from time to time.

"**Default**" has the meaning ascribed to such term in Section 20.

"**Environmental Laws**" means all Applicable Laws relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation, clean up or any other aspect, of a Hazardous Substance.

"**Environmental Proceeding**" means any investigation, action, proceeding, conviction, fine, judgment, notice, order, claim, directive, permit, licence, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

"**First Payment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement, or if not so identified or described, the day that is one month from the Interest Adjustment Date.

"**Guarantor**" means each guarantor or co-covenantor with the Chargor described on the Charge Form or in any other Loan Document.

"**Hazardous Substance**" means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation, contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated biphenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products and hazardous wastes.

"**Indebtedness**" means the outstanding Principal Amount, interest, costs and all other amounts payable by the Chargor to the Chargee under this Charge and the other Loan Documents.

"**Interest Adjustment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"**Interest Rate**" means the interest rate indicated on the Charge Form, as such interest rate may be amended from time to time by written agreement.

"**Loan**" means the particular loan or credit facility which this Charge is intended to secure.

"**Loan Documents**" means collectively, the Commitment, this Charge and all other agreements, documents and instruments relating to the Loan as amended, supplemented and restated from time to time.

"**Monthly Instalment**" means a payment payable each month on the Payment Date in an amount calculated in accordance with this Charge.

"**Payment Date**" means that day of each and every month from and including the First Payment Date to and including the Balance Due Date which is a monthly anniversary of the Interest Adjustment Date.

"**Person**" means a natural person, corporation, partnership, limited partnership, trust, unincorporated organization or any other legally recognized entity.

"**Prime Rate**" means the annual rate of interest published from time to time by First National Financial LP as a reference rate of interest then in effect for determining interest on Canadian dollar loans made in Canada.

"**Principal Amount**" means the principal amount of the Loan in lawful money of Canada set out on the Charge Form.

"**Property**" means the real property legally described on the Charge Form or in a Schedule to the Charge Form, if required, and includes all buildings, structures and improvements now or hereafter brought or erected thereon and all fixtures, rents and other appurtenances thereto. In the case of a strata lot or condominium, "Property" shall also include the Chargor's interest in the common elements and any other interests of the Chargor in the assets of the strata corporation or condominium corporation.

"**Receiver**" means a receiver, a manager, a receiver and manager or other similar Person appointed in regard to the Property and the rents and profits of and from such Property, which receiver may be an officer or officers or an employee or employees of the Chargee.

"**Registry Office**" means the appropriate registry of deeds, land titles or other land registration office from time to time established under Applicable Laws for the registration, filing or similar recording of this Charge.

"**Schedule**" means any document or schedule (except these Standard Charge Terms) attached to and forming part of this Charge.

"**Tax Account**" has the meaning ascribed thereto in Section 7.

"**Taxes**" means all taxes, rates and assessments payable with respect to the Property whether provincial, municipal, school, local, parliamentary or otherwise, including, without limitation, municipal and school taxes, water rates and religious assessments, general or special.

"**Term**" means the period of time commencing with the Interest Adjustment Date and ending on the Balance Due Date, as the same may be amended by written agreement.

2. SECURITY

Continuing Security. In return for the making of the Loan to the Chargor:

(a) the Chargor hereby grants, mortgages and charges all of his right, title, estate and interest in and to the Property to the Chargee as continuing security for the payment of the Indebtedness and performance of all obligations of the Chargor contained in this Charge and the other Loan Documents; and

(b) if the Chargor is a tenant or lessee of the Property under a lease, the Chargor hereby grants, mortgages, charges, assigns and subleases all of his right, title and interest (including any present or future option or right of first refusal or right to renew or extend any term of the Chargor's lease) in and to the Property and to the lease, for the unexpired residue of the term of the lease, including any renewals or extensions of the term (excepting always, in all cases, the last day of such original or renewed or extended term).

Subsequent Interests. By this Charge, the Chargor grants and mortgages any additional or greater interest in the Property that the Chargor may later acquire.

No Discharge of other Loan Documents. By entering into this Charge, the Chargor and Chargee do not intend that any other Loan Document is to be extinguished, superceded or discharged.

No Prejudice to Other Security. The Chargee may take guarantees and other security from other Persons, or grant time, renewals, extensions, indulgences, releases and discharges to the Chargor and other Persons, relating to the Indebtedness or the obligations secured by this Charge, without prejudicing or diminishing any of the rights and remedies of the Chargee under this Charge or the other Loan Documents.

Discharge. Upon the total repayment of all Indebtedness under this Charge, the Chargee shall have a reasonable period of time of at least 6 weeks, or such shorter period as required under Applicable Laws, to cause the preparation and delivery of the discharge of this Charge.

3. INTEREST RATE AND MONTHLY INSTALMENTS

Interest Chargeable. Interest is chargeable on and forms part of the Indebtedness and is payable by the Chargor at the Interest Rate, calculated semi-annually and not in advance, in accordance with the terms of this Charge and the other Loan Documents.

Monthly Instalments. The Monthly Instalment shall consist of blended principal and interest in the amount specified on the Charge Form or, if not so specified, in an amount designed to effect payment in full of the Loan by the end of the amortization period thereof.

Calculation of Interest.

(a) Interest shall be payable on the Indebtedness both before and after default, maturity, acceleration and judgment until the Indebtedness has been repaid in full.

(b) In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgment, shall bear interest at the Interest Rate. If the interest and compound interest are not paid within six (6) months from the time of default, a rest shall be made and compound interest at the Interest Rate shall be payable on the aggregate

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amount then due as well after as before maturity and so on from time to time, and all such interest and compound interest shall form part of the Indebtedness and be secured by this Charge.

Maximum Rate of Interest. If the Interest Rate exceeds the maximum rate permitted under Applicable Laws, then, notwithstanding the terms of any Loan Document, the Interest Rate shall be deemed to be such maximum rate.

4. REPAYMENT OF THE LOAN

Repayment of Indebtedness. The Chargor will pay to the Chargee all Indebtedness secured hereby in the manner provided in this Charge and the other Loan Documents, without any deduction, abatement, counterclaim or set-off (legal or equitable) of any kind whatsoever and shall do, observe, perform and fulfill all the provisions, covenants, agreements and stipulations contained in this Charge and the other Loan Documents.

Monthly Instalments. From and after the Interest Adjustment Date, the Chargor shall pay the Chargee the Principal Amount together with all interest thereon at the Interest Rate calculated semi-annually and not in advance and computed from the Interest Adjustment Date, in Monthly Instalments calculated in accordance with Section 3 above commencing on the First Payment Date and thereafter on each Payment Date to and including the Balance Due Date, at which time the balance of the Principal Amount, if any, and the interest thereon shall become due and be paid.

Interest Payable Prior to Interest Adjustment Date. The Chargor shall pay simple interest on advances, if any, computed from the respective dates of such advances up to the Interest Adjustment Date at the Interest Rate but calculated daily rather than semi-annually. Such payments of interest shall be made on the first day of each and every month commencing with the month next following the month in which the first advance is made and continuing to and including the Interest Adjustment Date.

Prepayments. This Charge cannot be prepaid in whole or in part except as otherwise expressly permitted under this Charge.

Timing of Receipt of Payments. All payments received by the Chargee from the Chargor or any other Person after 3 p.m. (Eastern Standard Time) or on a Saturday, Sunday or statutory holiday will be deemed to be received on the next business day.

5. APPLICATION OF MONTHLY INSTALMENTS

Application of Monthly Instalments. Each Monthly Instalment will be applied first, to pay or reduce interest calculated as provided above on the Principal Amount from time to time outstanding and the balance shall then be applied to reduce the Principal Amount. However, if the Chargor is in default under this Charge or any other Loan Document, the Chargee shall be entitled to apply the Monthly Instalments or any other money received by the Chargee on account of the Indebtedness towards any part or parts of the Indebtedness at the Chargee's discretion.

Annual Mortgage Statement. Each year the Chargor will receive from the Chargee an annual mortgage statement that will show the total amount of the Monthly Instalments that have been applied as aforesaid in the previous year.

6. REPRESENTATIONS AND WARRANTIES

The Chargor represents and warrants to the Chargee:

(a) that the Property is free of all Taxes, same having been paid to date without subrogation in favour of any party;

(b) that all the structures and improvements are erected entirely on the Property and that there are no structures or improvements encroaching over the Property's boundaries from neighbouring lands;

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(c) that unless the Charge indicates that he is the tenant or lessee of the Property, the Chargor is the absolute freehold owner of the Property with good title thereto and that there are no charges, mortgages, liens or other encumbrances, other than those hereby created, affecting the Property except for any liens and encumbrances that are registered against title to the Property in the applicable Registry Office at the time the Chargor signed this Charge; and

(d) that the Chargor has the right to grant this Charge to the Chargee.

7. TAXES

Tax Account. The Chargor shall pay all Taxes promptly when due. If required by the Chargee, the Chargor will pay to the Chargee monthly, an amount which, in the opinion of the Chargee, is sufficient to enable the Chargee to pay the annual Taxes on behalf of the Chargor by the date the first instalment of Taxes for each year becomes due, based on the estimated annual Taxes and subject to adjustment based on Taxes actually levied. Such funds, when received by the Chargee, are herein referred to as the "**Tax Account**". The Chargee may, at its option, withhold a sufficient amount from the advance of the Loan to accumulate sufficient funds in the Tax Account to enable the foregoing. If at any time the amount in the Tax Account is not sufficient to pay all Taxes when due the Chargor shall promptly make up the difference on demand. The Chargee shall be under no obligation to pay any Taxes or instalments thereof and will not be liable for any damages or penalties that might result from its failure to do so. It is the responsibility of the Chargor to assure himself of the payment of Taxes by either himself or the Chargee. The Chargee shall not be deemed a trustee for the Chargor in respect of the Tax Account. If the Chargor is in default of its obligations hereunder, the Chargee has the right to use the Tax Account to repay all or any portion of the Indebtedness.

Administration by Chargee. Where the Chargee administers a Tax Account on behalf of the Chargor:

(a) the Chargee shall allow the Chargor interest at not less than the prevailing rate published by the Royal Bank of Canada on personal savings deposits with chequing privileges on the minimum monthly balances standing in the Tax Account from time to time to the credit of the Chargor for payment of Taxes, such interest to be credited monthly to the Tax Account; and

(b) the Chargor shall be charged interest at the rate of 2% above the Prime Rate on debit balances, if any, outstanding in the Tax Account after payment of Taxes by the Chargee, until such debit balance is fully repaid.

8. INSURANCE

Property Insurance. To secure the repayment of the Indebtedness, the Chargor shall have all the buildings and other constructions now or hereafter erected upon the Property (hereinafter in this Section collectively referred to as the "**buildings**") insured at their full replacement cost against loss or damage caused by fire and such other perils as are covered by standard extended coverage, both during and after construction, until such time as the Chargee is fully repaid all Indebtedness. If the Chargee so requires, the Chargor shall be further insured during said period against the risks of vandalism, floods, boiler explosions and any other risks designated by the Chargee from time to time, as well as against civil liability. If the Property generates rentals or revenues, the Chargor shall also maintain rental insurance in an amount equal to at least 12 months rental income. Prior to any disbursements whatsoever, the Chargor shall deliver to the Chargee certificates evidencing such insurance and if required by the Chargee, certified copies of the policies, and at least fifteen (15) days prior to their expiry he shall deliver proof of new policies or renewal of the existing policies. If said expiry results from the cancellation of said policies, the time allowed will be only five (5) days. The Chargee may, if it so desires, retain all policies in its possession. In any event, the insurer, and the terms of the insurance policies and their renewals, including the amount of any deductibles, shall be approved by the Chargee and the policies shall include the mortgage clauses approved by the Insurance Bureau of Canada confirming that loss proceeds are payable to the Chargee and that the Chargee has the right to receive and to have a lien on the loss proceeds in accordance with its priority established under this Charge. The Chargor hereby assigns to the Chargee all amounts payable under any of these policies. All such policies shall contain an undertaking by the insurer to notify the Chargee in writing of any material change in, cancellation of, failure to renew or termination of such policy at least fifteen (15) days prior thereto. The insurance policies shall not contain a co-insurance clause. Upon the failure of the Chargor to fulfil these insurance obligations, the Chargee may, without prejudice to its other recourses and without notice or demand, effect such insurance contracts as it deems appropriate at the cost of the Chargor to be paid forthwith by the Chargor, failing which it shall be added to the Indebtedness and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. In the event of loss or damage to the buildings, the Chargor shall promptly notify the Chargee and provide the Chargee with a copy of the detailed statement of damages as well as evidence that said statement has been sent to each of the insurers. The Chargor shall allow the Chargee to inspect the buildings. The Chargee may receive the insurance proceeds without the intervention or consent of the Chargor.

Insurance Proceeds. The Chargor shall remit to the Chargee forthwith any amount received by him from an insurer pursuant to an insurance contract described in this Section 8, up to the amount of the Indebtedness. The Chargee will have the right, at its sole discretion, to apply any proceeds of insurance wholly or in part to the following purposes:

(a) to pay wholly or in part Taxes or any other indebtedness secured by charges or other encumbrances which have priority over the Indebtedness or this Charge; and/or

(b) to reconstruct or repair the damaged buildings and pay for the work and materials relative thereto; and/or

(c) to pay wholly or in part the Indebtedness secured hereby, whether or not then due including any amount the Chargor would have been required to pay upon a prepayment of the Indebtedness on such date in accordance with the terms of this Charge.

Chargee to Consent to Repair. No construction or repair work may be undertaken without the prior written consent of the Chargee. It is clearly understood, however, that by consenting to the Chargor effecting any reconstruction or repair the Chargee is in no way obligated to pay the costs thereof nor prevented from using all or part of said proceeds to pay the Indebtedness or any part thereof or to pay any other party whose security interest ranks prior to its own. The Chargee may, at its option, undertake any such reconstruction or repair of the damaged buildings. Any proceeds applied to pay all or any part of the Indebtedness shall only be regarded as being so applied when the Chargee has decided to so apply them.

9. MAINTENANCE AND REPAIR

The Chargor shall maintain the Property in a good state of maintenance and repair as would a prudent owner, and in compliance with all Applicable Laws. The Chargor may not alter or demolish or allow any other party to alter or demolish the Property without the prior written consent of the Chargee. The Chargee or any Person designated by the Chargee shall be at liberty to inspect the interior or the exterior of the Property and/or to conduct a site assessment or investigation to determine if there has been a breach of any Applicable Laws, including, without limitation, any Applicable Laws concerning environmental protection. The Chargor shall pay the cost of any such inspection or site assessment to the Chargee promptly upon demand, failing which it shall be added to the Indebtedness and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. The exercise of any of the powers enumerated in this section shall not result in the Chargee or any designee conducting such inspection, assessment or investigation being deemed to be in possession, management or control of the Property.

10. COMPLIANCE WITH APPLICABLE LAWS

The Chargor shall comply with all Applicable Laws that apply to the Property or the use or occupation thereof, including, without limitation, those relating to zoning, land use, health, safety and environmental protection. The Chargor shall not, and shall not permit any lessee of the Property, to engage in any criminal activity on the Property including, without limitation, the cultivation or processing of marijuana or any other controlled substance.

11. USE OF PROPERTY

The Chargor shall not change or permit any change in the use of the Property nor will the Chargor request or support any rezoning of the Property (or any portion thereof) without the prior written consent of the Chargee.

12. FIXTURES

The Chargor covenants and agrees with the Chargee that all erections and improvements fixed or otherwise now on or in future put upon the Property which are the property of the Chargor, including, without limitation, all fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, dishwashers, washing machines, dryers, and all apparatus and equipment appurtenant to any of the forgoing are and shall be, in addition to other fixtures thereon, fixtures and form part of the Property and shall be a portion of the security for the Indebtedness. The Chargor hereby charges and grants to the Chargee a security interest in all of the Chargor's right, title and interest in and to all such items as additional security for repayment of the Indebtedness.

13. OTHER ENCUMBRANCES

The Chargor shall maintain the Property free and clear of and from any claim, charge, mortgage, lien or other encumbrance ranking prior to the charge created herein and shall cause the removal of any such prior claim or charge within ten (10) days of its creation, unless the Chargor, in good faith, contests its validity or the amount of the claim from which it results, after having given prior notice to the Chargee of his intention to such effect, and has deposited with the Chargee an amount in lawful money of Canada which shall be sufficient to guarantee all losses which the Chargee may suffer by reason of such claim, charge, mortgage, lien or encumbrance. The Chargor shall not grant any rights in the Property without the prior consent in writing of the Chargee and shall maintain all Property free and clear of any claims, charges, mortgages, encumbrances, liens or rights other than those that are created under this Charge.

14. CHARGEE'S RIGHT TO PERFORM

The Chargee may perform any obligation of the Chargor hereunder or under any other Loan Document which the Chargor fails to perform including without limitation, payment of all premiums of insurance and all Taxes, utility and heating charges and rents which shall from time to time fall due and be unpaid in respect of the Property, and may satisfy any lien, encumbrance, claim or other charge now or hereafter existing upon the Property. All amounts expended by the Chargee in so doing shall be added to the Indebtedness, shall be secured by this Charge, shall be payable forthwith by the Chargor to the Chargee and shall bear interest from the date so paid by the Chargee at the Interest Rate until repaid.

15. ASSUMPTION OF CHARGE

Requirements for Assumption. The Chargee shall allow a purchaser of the Property to assume the Charge from the current Chargor provided the purchaser completes a new mortgage loan application, is approved by the Chargee in accordance with its then current underwriting practices and executes an assumption agreement in form and substance satisfactory to the Chargee.

Indebtedness May Become Due. Provided that in the event of:

(a) the Chargor selling, conveying, transferring or entering into any agreement to sell or transfer the title of the Property to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) such purchaser, grantee or transferee failing to:

  (i) apply for and receive the Chargee's written approval as aforesaid,

  (ii) personally assume all the obligations of the Chargor under this Charge, and

  (iii) execute an assumption agreement in the form required by the Chargee; or

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(c) in the case of a corporate Chargor, the occurrence of a change of control (within the meaning given to such term in the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended from time to time) (a "**Change of Control**") of the Chargor not approved in writing by the Chargee,

then, at the option of the Chargee, the Indebtedness, together with the amount required to be paid on a prepayment of the Charge on such date pursuant to the terms of this Charge, shall forthwith become due and payable.

16. NO RELEASE

Notwithstanding that the Chargee may have approved any purchaser, grantee or transferee and that such Person may have executed an assumption agreement, or that the Chargor transfers or otherwise conveys or purports to transfer or otherwise convey the Property or any interest therein, the Chargor shall not thereby be released from his obligations under this Charge or any other Loan Document unless the Chargee has so released the Chargor in writing or the Chargor is otherwise released pursuant to Applicable Laws.

17. PORTABILITY OF CHARGE

All amounts outstanding under this Charge may be secured by a charge on replacement property of at least equal value (the "**Replacement Property**") on the same terms and conditions as contained in this Charge, provided the following conditions are met:

(a) the Chargor is not in default under this Charge;

(b) the Replacement Property is a single family dwelling which the Chargor will occupy;

(c) the Chargor completes a new mortgage loan application for the Replacement Property for an amount not less than the then outstanding Principal Amount of this Charge;

(d) the new loan application is approved by the Chargee in its sole discretion;

(e) the new charge is registered as a first charge against the title to the Replacement Property and all searches, opinions and clearances required by the Chargee are obtained and, if so required by the Chargee, title insurance is in place;

(f) the term of the new charge shall expire on the maturity date of this Charge;

(g) the new charge shall incorporate all terms and conditions then contained in the Chargee's standard charge and other documentation in use at that time; and

(h) the Chargor will pay all costs, charges and expenses of and incidental to the approval, taking, preparation, execution and registration of the new charge and discharge of this Charge, or, if applicable, an amending agreement, including, without limitation, any application and appraisal fees, solicitor's fees, surveyor's fees and, if applicable, mortgage insurance and title insurance premiums.

18. LEASES AND RENTALS

Where the Property generates rentals or revenues the following provisions shall apply.

(a) As general and continuing security for repayment of the Indebtedness, the Chargor hereby assigns, transfers and sets over to the Chargee, as and by way of a fixed and specific assignment and security interest, all legal and beneficial right, title and interest of the Chargor in and to (i) all present and future leases, offers to lease, subleases, licences and other agreements affecting the use, enjoyment and/or occupancy of the Property or any part thereof and all related guarantees, indemnities and security deposits, and (ii) any and all rents, revenues and receipts of any kind from the Property now or hereafter due and payable, with full benefit and advantage thereof, including the benefit of all covenants and agreements contained in the leases and full power and authority to demand, collect, sue for, recover, receive and give receipts for the rents in the name of the Chargor or owner from time to time of the Property or in the name of the Chargee, in the Chargee's sole discretion.

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(b) Upon request by the Chargee, the Chargor shall provide to the Chargee (i) a list containing the name of all tenants, and details as to their leases; (ii) a copy (or the original, when requested by the Chargee) of all leases, present and future, relating to the Property and any document and any useful information in connection therewith; and (iii) a written acknowledgment by the tenants, present and future, of the charge on rentals hereby created in the form required by the Chargee.

(c) The Chargee may require that all leases be subject to its approval, that they be subordinated to its rights herein and that the Chargor provide it on a yearly basis with a statement of revenues and expenditures concerning the Property. All leases shall be on market terms and conditions.

(d) The Chargee hereby authorizes the Chargor to collect all rents; however, the Chargor shall not collect more than one month's rent in advance nor shall he grant more than one month's free rent. Such authorization may be revoked at any time by the Chargee and in such case, the Chargee shall be at liberty to exercise as it may deem appropriate, to the exclusion of the Chargor, all rights of the Chargor in order to maintain, renew, grant, modify or terminate any lease, and to collect rentals and revenues from the Property including, without limitation, the bringing of an action for recovery of rentals; provided however, that the Chargee shall be under no obligation to exercise such right and shall not be liable for any loss or damage which may result from its failure to collect such rentals.

(e) With respect to leases of the Property, the Chargor hereby represents and warrants that the rents payable under same are legal, that no proceedings exist which could result in a decrease in the legal rents chargeable, that no orders exist prohibiting rent increases and that no work orders exist which could result in the issuance of an order prohibiting rent increases.

(f) The Chargor hereby agrees to indemnify and save the Chargee harmless from any and all demands, claims, damages, actions, proceedings, lawsuits, costs, expenses or payments which the Chargee may sustain or incur by reason of the Chargor's failure to charge legal rents or by reason of successful reduction claims by any tenant under any lease in the building on the Property or by any former tenant of the building. The Chargor agrees that all rents charged with respect to the Property or any part thereof will be lawful rents pursuant to any applicable legislation from time to time respecting residential housing and further agrees that he will file all items required to be filed by such legislation in a timely, accurate and complete way. All amounts so indemnified will be payable forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date of the expenditure until paid in full and shall be secured by this Charge. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

19. ENVIRONMENTAL MATTERS

Chargor to Indemnify. The Chargor shall indemnify and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs and expenses (including legal fees) (collectively "**Environmental Claims**") occurring, imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not caused by the Chargor or within its control, (a) any actual or alleged breach of Environmental Laws relating to or affecting the Property; (b) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom; (c) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof; and (d) any assessment, investigation, containment, monitoring, remediation and/or removal of any Hazardous Substances from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

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Amounts Relating to Environmental Claims. All amounts expended by the Chargee in connection with any such Environmental Claims shall be payable by the Chargor forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date expended until paid in full and shall be secured by this Charge.

20. EVENTS OF DEFAULT

The Chargor shall be in default (a "**Default**") under this Charge in each of the following events:

(a) the Chargor fails to pay any monies payable under this Charge or under any other Loan Document when due;

(b) the Chargor fails to perform any of its covenants or obligations under this Charge or under any other Loan Document;

(c) the Chargor fails to comply with any other term or condition of this Charge or any other Loan Document;

(d) any of the representations, statements, certifications or declarations of the Chargor, whether contained in this Charge or any other Loan Document, is found to be untrue or misleading;

(e) if any other mortgage or any lien, charge or other encumbrance is registered against title to the Property or if the Chargee receives written notice of any lien that is created as a result of unpaid property taxes, unpaid strata or condominium fees, judgments, construction liens, builders' liens or similar encumbrances;

(f) the Chargor becomes insolvent or becomes subject to any insolvency, bankruptcy, reorganization, arrangement, compromise of debts or similar proceedings affecting the rights of any creditor, or a petition in bankruptcy is taken against the Chargor, or a receiver or an administrator takes possession of his property, or a resolution is adopted with respect to the liquidation of his property;

(g) in the case of a corporate Chargor, it fails to remain in good standing with government authorities having jurisdiction over it or if the corporation loses any of its rights or attributes as a corporation;

(h) in the case of a corporate Chargor, there is a Change of Control of the Chargor without the prior written consent of the Chargee;

(i) any activity which violates the *Criminal Code*, R.S.C. 1985, c. C-46 (as amended from time to time) or any other law or regulation of any authority having jurisdiction is conducted on the Property;

(j) if the Loan is insured, whether under the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time) or by any other insurer, any requirement of such insurance has not been complied with by the Chargor;

(k) if the Property is under construction, the construction works are halted for a continuous period exceeding ten (10) days, for reasons other than a fortuitous event or force majeure or construction holidays;

(l) if a default occurs under any other mortgage or any lien, charge or encumbrance affecting the Property or any part of it including without limitation, any of the foregoing which has priority over this Charge and whether or not the Chargee has agreed to such priority;

(m) the Property is subject to foreclosure proceedings, judicial sale, or otherwise seized by another mortgagee, encumbrancer, writ holder, receiver or any agent of the any of the foregoing or any other Person performing similar functions; or

(n) an event occurs which is stated to be a Default under Section 25 of this Charge.

21. CHARGEE'S REMEDIES UPON DEFAULT

Chargee's Rights on Default. If a Default occurs, the Chargee shall have no obligation to make any further advances and may, at its option, do any one or more of the following:

(a) demand immediate repayment of the Indebtedness, in which case all Indebtedness will become immediately due and payable and, to the extent permissible under Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to prepay the Indebtedness at such time;

(b) subject to Applicable Laws, take such action as is necessary or desirable to collect the Indebtedness or any portion thereof;

(c) enter upon and take possession of the Property and any personal property thereon;

(d) make any arrangements the Chargee considers necessary or advantageous to inspect, lease, collect rents or manage the Property, complete construction of any building on the Property or repair any building on the Property;

(e) take proceedings in court or otherwise as may be permitted by Applicable Laws to sell the Property or any part thereof or, if the Property is a leasehold interest, to sell the unexpired term of years demised by the lease with respect to the whole or any part of the leasehold interest in the Property, by public auction or private sale and on such terms as the Chargee considers most advantageous, including selling the Property or unexpired term of the lease for cash or credit or any combination of the two:

  (i) on thirty-five days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

  (ii) without notice to the Chargor if the Default has continued for sixty days or more (if and to the extent permitted by Applicable Laws);

(f) lease the Property on such terms as the Chargee considers most advantageous:

  (i) on fifteen days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

  (ii) without notice to the Chargor if the Default has continued for thirty days or more (if and to the extent permitted by Applicable Laws);

(g) apply to a Court for an order that the Property be sold [illegible] rms approved by the Court;

(h) apply to a Court to foreclose the Chargor's interest in the Property so that when the Court makes its final order of foreclosure, the Chargor's interest in the Property will be absolutely vested in and belong to the Chargee;

(i) apply to the Court to have a Receiver appointed with respect to the Property or appoint a Receiver of the Property under this Charge;

(j) with respect to personal property charged by this Charge, exercise any or all of the rights and remedies granted to secured parties under applicable personal property security legislation and any other applicable statute, or otherwise available to the Chargee at law or in equity; and

(k) take any other action and exercise any other remedies which are described elsewhere in this Charge or the other Loan Documents or which are available to the Chargee under Applicable Laws upon a default by the Chargor including without limitation, non-judicial foreclosure.

Additional Payments. Where a prepayment or redemption takes place following a Default hereunder by the Chargor, there shall, coincident therewith, be due and owing to the Chargee, to the extent permissible under Applicable Laws, any amount which would have been payable by the Chargor had he elected to prepay the Indebtedness pursuant to the prepayment provisions set out in this Charge at the time of such prepayment or redemption.

Payment of Chargee's Costs When Default is Remedied. If the Chargor avails himself of the right to remedy any Default, he shall pay all costs then incurred by the Chargee, and such costs shall include, without limitation, all administrative costs incurred by the Chargee by reason of the Default and all legal fees (determined on a solicitor and client full indemnity basis) and fees paid to experts.

Chargee's Rights to Administer and Manage Property. If the Chargee elects to take possession of the Property, it shall be at liberty to administer and manage it and hire a manager or caretaker, use all means at its disposal in order to enter into the Property with or without a locksmith, contract or renew leases or terminate them, in the name of the Chargor, for the amounts and upon terms and conditions, including, without limitation, the payment of tenant inducements, which the Chargee shall consider appropriate, maintain the Property in good condition, carry out repairs and renovations and undertake or complete any work, all at the Chargor's expense. The Chargor agrees that he will not interfere with the Chargee's or any Receiver's possession of the Property.

Accounting for Monies Received. The Chargee shall only be required to account to the Chargor for any monies actually received by the Chargee in connection with the Property.

Payment of Chargee's Costs and Expenses. To the maximum extent permitted by Applicable Laws, all sums disbursed by the Chargee in enforcing any of its remedies or in connection with the protection, enforcement or realization of its security, including, without limitation, legal fees, realtor's fees, fees incurred in relation to any inspection or valuation of the Property, protective disbursements, fees and expenses incurred in connection with taking such steps as are deemed necessary by the Chargee to protect its interests in proceedings commenced by other Persons in relation to the Property and any sums expended in connection with actions taken under Section 21 hereof, shall be repayable by the Chargor on demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date funds were expended by the Chargee and shall be secured by this Charge.

22. JUDGMENTS AND DEFICIENCY

Chargee's Rights After Judgment. If a judgment is obtained from a Court concerning some or all of the Indebtedness or obligations, the remaining Indebtedness or obligations will not be extinguished, superceded or discharged nor will the Chargee be prevented from exercising any of its remaining rights under this Charge, any other Loan Document or under Applicable Laws.

Deficiency After Sale. To the maximum extent permitted by Applicable Laws, the Chargor shall remain liable for payment to the Chargee of all of the Indebtedness, notwithstanding that the Chargee may have exercised one or more of its remedies under this Charge including, without limitation, sale of the Property.

23. APPOINTMENT OF RECEIVER

Appointment of Receiver. Upon Default, the Chargee or the Chargee as agent or attorney for the Chargor (with such appointment not being revocable by the Chargor), with or without entering into possession of the Property or any part thereof, may appoint in writing a Receiver and may remove any such Receiver and appoint a new Receiver in the place and stead of any previously appointed Receiver.

Powers of Receiver. Subject to Applicable Laws, the Receiver:

(a) will be deemed to be the Chargor's irrevocable agent or attorney, vested with all rights, powers and discretions of the Chargor, and the Chargor will be solely responsible for the Receiver's acts or omissions and for the Receiver's remuneration and expenses;

(b) has power, in the Chargor's name or in the name of the Chargee, to take possession of the Property, to demand, recover and receive income from the Property and to start and carry on any action or court proceeding to collect that income;

(c) may lease or sublease the Property or any part of it on terms and conditions that the Receiver chooses, including without limitation, the payment of tenant inducements, and

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for that purpose execute contracts in the name of the Chargor, which contracts will be binding on the Chargor;

(d) may make arrangements for the completion of the construction of or repair any improvement on the Property, notwithstanding that the resulting cost may exceed the Principal Amount;

(e) may manage the Property and maintain it in good condition;

(f) has the power to perform, in whole or in part, the Chargor's duties under the terms of the Loan Documents;

(g) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Property or will increase or preserve the value or income potential of the Property; and

(h) has the power to exercise any of the Chargee's rights and remedies referred to in Section 21 hereof.

Use of Income by Receiver. Neither the Receiver nor the Chargee shall be liable to the Chargor to account for monies other than monies actually received by it, in respect of the Property. From income received from the Property, the Receiver may, subject to Applicable Laws, in any order the Receiver chooses, (i) retain enough money to pay or recover the cost to collect the income and to cover other disbursements; (ii) retain its commission, fees and disbursements as receiver; (iii) pay all Taxes and the cost of maintaining the Property in good repair, completing the construction of any building or improvement on the Property, supplying goods, utilities and services to the Property, insuring the Property and taking steps to preserve the Property from damage by weather, vandalism or any other cause; (iv) pay any money for matters required to be paid by the Receiver under Applicable Laws, or that might, if not paid, result in a default under any charge or encumbrance having priority over this Charge or that might result in the sale of the Property if not paid; (v) pay taxes in connection with anything the Receiver is entitled to do under this Charge; (vi) pay all or part of the Indebtedness to the Chargee whether or not it is due and payable; and (vii) pay any other money owed by the Chargor under this Charge and the other Loan Documents.

Receiver May Borrow. The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do. Any money borrowed by the Receiver from the Chargee and any interest charged on that money and all the costs of borrowing will form part of the Indebtedness and will bear interest at the interest rate and shall be paid with the frequency provided under the applicable terms under which such money was borrowed.

Receiver's Costs and Expenses. The fees and disbursements of the Receiver, if paid by the Chargee, shall form part of the Indebtedness and will bear interest at the Interest Rate from the date paid by the Chargee and shall be secured by this Charge.

Chargee Not Responsible. Nothing done by the Receiver under this Section 23 shall render the Chargee a mortgagee in possession, and the Chargor hereby releases and discharges the Chargee and every Receiver and each of their respective successors and assigns from every claim of every nature, whether for damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any Person claiming through or under the Chargor by reason or as a result of anything done by the Chargee or any Receiver under the provisions of this Charge. The Chargor hereby agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this Charge and agrees that neither the Receiver, the Chargee nor their respective successors and assigns will be liable for any loss sustained by the Chargor or any other Person from such actions or failure to act.

24. LEASEHOLD PROVISIONS

This Section 24 applies if the Chargor is a tenant or lessee of the Property.

Definition. For the purposes of this Section 24, "**Lease**" means a lease or a sublease pursuant to which the Chargor has a leasehold interest in the Property.

Representations. The Chargor represents that:

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(a) the Property is leased to him under a valid Lease (a copy of which has been provided to the Chargee);

(b) that the Chargor has a good leasehold title to the Property free and clear of all mortgages, liens, charges and encumbrances other than liens registered against the leasehold title to the Property in the applicable Registry Office at the time the Chargor signed this Charge;

(c) all rents and other moneys payable under the Lease have been paid and the Chargor has complied with all of his obligations set out in the Lease, in both cases up to the date the Chargor signed this Charge; and

(d) the Chargor has the right to charge and sublet the leasehold title to the Property to the Chargee as set out in this Charge and, if required, has obtained the lessor's unconditional consent to this Charge (or if such consent has been issued under conditions, the Chargee has agreed to same, in writing) and any such consent is in writing and has been provided to the Chargee.

Covenants. The Chargor also covenants and agrees as follows:

(a) that the Lease will at all times while this Charge is not discharged, be a valid lease in full force and effect;

(b) the Chargor will not amend, surrender or modify the Lease without written consent of the Chargee and will pay the rents and other payments required by the Lease as they fall due and perform and observe the covenants and other obligations contained in the Lease on the lessee's part to be performed;

(c) the Chargor will renew the Lease when the Lease gives the Chargor that right so that the term of the Lease will continue at all times while this Charge is not discharged;

(d) the Chargor will promptly give the Chargee a copy of any notice, demand or request which the Chargor may receive relating to the Lease;

(e) the Chargor will, at his cost, upon request by the Chargee, obtain and deliver to the Chargee estoppel certificates from the lessor under the Lease in form and content satisfactory to the Chargee;

(f) the Chargor will sign any other document or take any further action as the Chargee may reasonably require, to ensure that all of the Chargor's interest in the Property and in the Lease have been fully charged to the Chargee and that the Indebtedness is adequately secured;

(g) the Chargor shall indemnify the Chargee and its successors and assigns against all actions, claims, costs (including legal costs, and on a solicitor and client full indemnity basis), demands and liabilities which the Chargee and its successors and assigns may suffer or sustain by virtue of any default by the Chargor under the Lease, and the Chargor agrees that this indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(h) the Chargor will stand possessed of the Property for the last day of the term or any renewal term granted by the Lease in trust for the Chargee;

(i) at the Chargee's request, the Chargor will transfer to the Chargee (or to any other Person to whom the Chargee transfers the Chargor's interest in the Property) the last day of the term of the Lease or of any renewal;

(j) the Chargor hereby appoints the Chargee as his attorney so that the Chargee, on his behalf and in the name of the Chargor, may assign the Lease and the last day of the term of the Lease or of any renewal and convey the Chargor's interest in the Property as the Chargee may require to perfect any transfer made under the default provisions of this Charge; and

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(k) if the Chargor acquires the lessor's interest in the Property (whether by exercising any option to purchase there may be in the Lease or any renewal thereof or otherwise), this Charge will automatically extend to such interest and the Chargor agrees that at the Chargee's request the Chargor will deliver to the Chargee a new charge against such additionally acquired interest substantially on the same terms and conditions as those set forth in this Charge.

25. STRATA/CONDOMINIUM PROVISIONS

This Section 25 applies if the Property is or becomes a strata or condominium property created under Applicable Laws.

Compliance with Strata/Condominium Rules. The Chargor shall comply with all of the terms and conditions of the declaration pertaining to the Property as same may be amended from time to time (the "**Declaration**") together with all rules, regulations and by-laws relating thereto as well as all orders and resolutions passed at meetings of the strata/condominium corporation (together with the Declaration, collectively, the "**Constituting Documents**").

Expenses and Taxes. The Chargor shall pay promptly when due his share of all common expenses, levies and administrative charges in the amounts determined by the board of directors of the strata corporation or condominium corporation (hereinafter the "**strata/condominium corporation**"); if any such payments are not made when due and regardless of any other action or proceeding taken or to be taken by the strata/condominium corporation, the Chargee may make such payments on behalf of the Chargor pursuant to Section 14 hereof.

Voting Rights. The Chargor authorizes the Chargee in the Chargor's name and on the Chargor's behalf, to exercise all rights under Applicable Laws and the Constituting Documents to vote at any meeting (or to vote otherwise than at any meeting) of the strata/condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the Property or assets of the strata/condominium corporation. This authorization includes voting on or any consent to the termination of the strata/condominium corporation. Notwithstanding this authorization, the Chargee may choose not to vote or not to consent at any particular time or on any particular issue. Until the Chargee gives notice to the Chargor and/or the strata/condominium corporation that the Chargee intends to exercise its right to vote or consent, the Chargor may vote or consent. Any notice the Chargee gives may be for an indeterminate or limited period of time, or for a specific meeting or matter. The Chargee shall not be under any obligation to exercise such rights, even though notice may have been given of its intention to do so and shall not be liable to the Chargor or any other Person for the manner in which such rights are exercised or for the failure to exercise same.

Insurance.

(a) At the request of the Chargee, the Chargor shall obtain and deliver to the Chargee a certificate of insurance issued under the master insurance policy placed by the strata/condominium corporation in accordance with the terms of the Declaration and showing the Chargee as mortgagee.

(b) In addition to the insurance maintained by the strata/condominium corporation, the Chargor will insure all improvements which have been or at any future time are made to the dwelling unit charged herein and, as well, insure against such additional risks as may be required by the Chargee, will provide the Chargee with certified copies of every such insurance policy naming the Chargee as loss payee and, not less than 15 days before any policy expires, evidence of its renewal. If any loss or damage occurs the Chargor will immediately, at its expense, do everything necessary to enable the Chargee to obtain the insurance proceeds. These proceeds may, at the option of the Chargee, be applied in whole or in part to repair the damage, be paid to the Chargor, or be applied to reduce any part of the Indebtedness whether or not yet due, in which latter case, to the extent permissible by Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment at such time. The obligation to insure the entire structure of which the Property forms part may be performed by the strata/condominium corporation and the proceeds of such insurance may be payable in accordance with the Constituting Documents related thereto. Upon the occurrence of loss

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or damage, the Chargor will fully comply with the terms of all insurance policies and with the insurance provisions of such Constituting Documents.

Notices and Other Documents. At the request of the Chargee, the Chargor will give the Chargee copies of all notices, financial statements and other documents given by the strata/condominium corporation to the Chargor.

Chargee May Require Payment. At the option of the Chargee, and subject to compliance with Applicable Laws, there is a Default if:

(a) governance of the property of the strata/condominium corporation under the Constituting Documents is terminated or wound up;

(b) a vote of the strata/condominium owners authorizes the sale of the property of the strata/condominium corporation or of a material part of its common property (or common elements);

(c) the strata/condominium corporation fails to comply with Applicable Laws or the Constituting Documents;

(d) the strata/condominium corporation fails to insure the strata/condominium units and common property (or common elements) against destruction or damage by fire and other perils usually insured against for full replacement cost; or

(e) the strata/condominium corporation fails, in opinion of the Chargee, to manage its property and assets in a careful way or to maintain its assets in good repair.

Chargee Not Responsible. Nothing done by the Chargee or its agents under this Section 25 will make the Chargee a mortgagee in possession.

26. EXPROPRIATION

Prepayment of Indebtedness. In the event of a prepayment of all or any portion of the Indebtedness as a result of an expropriation of all or part of the Property, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment of the amount prepaid at such time.

Expropriation of the Property. In the event of the expropriation of all or substantially all of the Property the Indebtedness will, at the option of the Chargee, become immediately due and payable together with any applicable prepayment charge. All amounts received by the Chargor in connection with such expropriation shall, to the extent of the Indebtedness and such prepayment charge, be paid to the Chargee and until so paid shall be deemed to be held by the Chargor in trust for the Chargee.

Partial Expropriation. In the event of the expropriation of only a portion of the Property, all amounts received by the Chargor in connection with such expropriation shall, at the option of the Chargee, be paid to the Chargee to be credited towards the Indebtedness and any applicable prepayment charge in respect of such amount. Until such amounts have been paid to the Chargee they shall be deemed to be held by the Chargor in trust for the Chargee. If the Chargee, in its sole discretion, is of the view that the remainder of the Property is inadequate security for the remainder of the Indebtedness, then the Chargee may declare all the Indebtedness together with any applicable prepayment charge immediately due and payable.

27. ADVANCES AND READVANCES UNDER CHARGE

Neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the Principal Amount intended to be secured hereby, nor shall the advance of a part of the Principal Amount bind the Chargee to advance any unadvanced portion thereof, but nevertheless the charges hereby created shall take effect forthwith upon the execution of this Charge by the Chargor. This Charge and the charges granted herein shall operate until all the Indebtedness is fully paid to the Chargee and all covenants of the Chargor herein have been performed in full, in each case in the manner contemplated herein and until the Chargee has delivered a complete discharge hereof in writing to the Chargor. This Charge shall not cease to

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operate although the Chargor may not be indebted to the Chargee at any time and the Chargee may accept repayment of all or a portion of the Indebtedness and may allow the Chargor to reborrow the amounts previously paid to the Chargee, and this Charge and the charges, mortgages, assignments, security interests and liens granted herein shall stand as security for all such amounts borrowed and reborrowed, whether or not the Indebtedness has at any time been reduced to zero.

28. RENEWAL AND AMENDMENT OF CHARGE

Registration of Agreements Not Required. Any agreement in writing between the Chargor and the Chargee after the date of this Charge, relating to the payment of the unpaid Indebtedness, or to the Interest Rate, or to both, or any other matter, need not be registered in any Registry Office. Such agreement shall be effective and binding on the Property and upon the Chargor, the Chargee and upon any subsequent encumbrancer or transferee of the Property to the same extent and effect as if such agreement in writing had been executed, delivered and registered in the appropriate Registry Office prior to the making of such subsequent encumbrance or transfer.

No Implied Agreement. No agreement for renewal hereof or for extension of time for payment of the Indebtedness hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the Term or of any subsequent term.

29. PRINCIPAL FAMILY RESIDENCE

Consent of Spouse. Any spouse who is signing the Charge Form consents to the granting of this Charge by the Chargor and releases to the Chargee any claim or interest that the spouse has or may have in the Property under Applicable Laws as far as such release is necessary to give effect to the Chargee's rights under this Charge.

Change in Marital Status. If the Chargor is not married at the time of execution of this Charge, but marries thereafter with the result that the Property becomes a principal family residence or if the Property becomes a principal family residence under Applicable Laws or by reason of the registration of a declaration of family residence or of a judicial award, the Chargor agrees that he will forthwith notify the Chargee of same and cause his spouse to subordinate to the rights of the Chargee all of such spouse's rights in the Property as the principal family residence, by signing a written agreement in the form required by the Chargee.

30. FEES PAYABLE BY CHARGOR

Chargee's Fees and Expenses. The Chargor shall promptly pay all lawyers' and experts' fees related to this Charge and every renewal or amendment thereof, including, without limitation, fees related to any examination of title to the Property, as well as any costs of evaluation, any survey fees and any costs pertaining to mortgage insurance and/or title insurance, if applicable. The Chargor shall also pay any costs and expenses incurred by the Chargee in responding to any court actions, directives, orders, notices or requests for information brought against the Chargee as a result of or relating to this Charge.

Chargee's Administrative Fees. The Chargor shall also pay an administration fee to the Chargee for every dishonoured cheque or preauthorized cheque debit. The fee will automatically be debited to the Chargor's Tax Account balance, or sundry account, or added to the pre-authorized cheque debit upon reissue unless a separate payment of such administration fee is received with a replacement cheque. The Chargee also reserves the right to charge reasonable fees in accordance with industry standards for other administrative services such as, but not limited to, discharges, assumptions, transfers, payment frequency changes, mortgage statements, etc. and the Chargor agrees to pay such fees. These fees may vary from time to time and will be published in the Chargee's schedule of fees, which may be obtained by the Chargor upon request.

31. INSURED INDEBTEDNESS

In the event that all or any portion of the Indebtedness is insured by a mortgage insurer in favour of the Chargee, the contractual relations between the Chargee and the mortgage insurer will be taken into account before effecting any disbursement of funds, or before acceptance of any purchaser or transferee of the Property can become valid, even if already accepted by the

Chargee. If this Charge is insured by CMHC, it shall be deemed to be made pursuant to the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time).

32. GENERAL CONDITIONS

Assignment. The Chargor may not assign or transfer the rights that he has or may have to any advance of the Loan without the prior written permission of the Chargee.

No Partial Discharge. The Chargor shall not be entitled to obtain a partial discharge of the Property in the event the Property is subdivided and sold notwithstanding that the Chargee has been paid the sale proceeds thereof.

Pre-Authorized Payments. The Chargor explicitly authorizes the Chargee to withdraw from any bank account in his name, details of which have been provided to the Chargee in accordance with a pre-authorized chequing plan, the sums necessary to satisfy the payments the Chargor must make by virtue of this Charge as well as the life insurance premiums related to same, if applicable.

Investment of Funds. The Chargee shall be at liberty to deposit any monies or instruments received or held by it pursuant to this Charge in a non-interest bearing account or invest them, without having to comply with any legal provisions concerning the investment of the property of others, in any certificate of deposit issued by an institution chosen by the Chargee, for any term which it may choose.

Limited Responsibility of Chargee. The Chargee is only liable to the Chargor or any Guarantor for the Chargee's or its employees' wilful misconduct or gross negligence.

Right to Delegate. The Chargee shall be at liberty to delegate to any Person or Persons the exercise of its rights, actions or the performance of any covenant resulting from this Charge or under Applicable Laws; in such case the Chargee is hereby authorized to supply such Person with any information it holds relating to the Chargor or the Property.

Power of Attorney. In consideration of the making of the Loan to the Chargor, the Chargor hereby grants to the Chargee, with full power of substitution, an irrevocable power of attorney of the Chargor coupled with an interest to carry out any and all acts and to execute any and all deeds, instruments or other documents which it may deem useful in order to exercise its rights. The Chargor ratifies in advance all actions of the Chargee pursuant to such power of attorney and confirms that the Chargee is not liable for any loss sustained by the Chargor or any other Person resulting from any such action or failure to act.

Rights and Remedies. The acceptance by the Chargee, as a result of default on the part of the Chargor, of all or part of the sums to which it is entitled, or the exercise by the Chargee of any right or remedy, shall not be held to preclude it from exercising any other right or remedy; all rights and remedies accruing to the Chargee are cumulative and not alternative.

Assignment by Chargee. The Chargor and each Guarantor, if any, acknowledges that this Charge (or security certificates backed by or representing any interest in this Charge or a pool of loans which includes this Charge) may be assigned by the Chargee to a third party or may be sold or securitized into the secondary market without restriction and without notice to or consent of the Chargor or any Guarantor. The Chargor and each Guarantor hereby irrevocably consents to the release and disclosure of any financial or other information concerning the Chargor, each Guarantor, the Property and the Loan in the course of any such assignment, sale or securitization.

Notices to Chargor. Any notice to or demand upon the Chargor shall be given or made at his ordinary place of business or usual residence set out on the Charge Form or at the address of such other place of business or usual residence or electronic address of which the Chargor shall have notified the Chargee in writing.

Place of Payment. All payments must be made at the place of business of the Chargee, in lawful money of Canada at 100 University Avenue, Suite 700, North Tower, Toronto, Ontario, Canada, M5J 1V6, or at such other place as the Chargee may from time to time indicate to the Chargor.

Joint and Several. Should the Loan be granted to several Persons, each of them is jointly and severally liable to the Chargee for all the Indebtedness and the performance of all the obligations under this Charge and the other Loan Documents. The same holds for all Persons who will assume the repayment of the Indebtedness and the performance of such obligations.

Severability. In the event that any provision of this Charge shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Charge shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

No Amendments and Waiver. No amendment to this Charge shall be valid or binding unless set forth in writing and agreed to by the Chargor and Chargee. No waiver of any breach of any provision of this Charge will be effective or binding unless made in writing and signed by the Chargee and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No delay or failure by the Chargee in the exercise of any right under this Charge or any other Loan Document shall operate as a waiver thereof.

Successors and Assigns. This Charge binds the Chargor, the Chargor's spouse (if such spouse is signing the Charge Form), the Guarantor and their respective heirs, personal representatives, successors, executors, administrators and assigns and any successor in title with respect to the Property. The rights hereby conferred upon the Chargee shall benefit the Chargee and its successors and assigns.

References to First National Financial LP. All references to First National Financial LP in this Charge and the other Loan Documents shall mean First National Financial LP or its successors or assigns, as the case may be.

Further Assurances. The Chargor agrees to execute such further assurances of title to the Property as may be required by the Chargee and to do all things and execute such additional documents as the Chargee reasonably requires to ensure that all Indebtedness and other obligations of the Chargor to the Chargee remain secured by this Charge, that this Charge has priority over any other claim, charge, mortgage, lien or other encumbrance on or against the Property, except as may be otherwise agreed by the Chargee, and otherwise to give full effect to the intent of this Charge.

Conflicts Between Documents. If there is a conflict or inconsistency between any provision of this Charge and any other Loan Document, the Chargee shall be entitled to choose which provision will prevail.

Interpretation. The words "hereto", "hereof", "hereby", "hereunder" and similar expressions refer to the whole of this Charge and not to any particular paragraph or portion hereof and extend to and include any and every document supplemental or ancillary hereto or in implementation hereof. Words importing the masculine gender include the feminine and neuter genders and words in the singular include the plural, and vice-versa, where the context so requires. The headings do not form part of this document and have been inserted for convenience of reference only.

33. CASH-BACK PROMOTION

If the Chargor received a cash incentive (the "**Cash-Back Amount**") to enter into the Loan (and notwithstanding that the Interest Rate hereunder may be higher as a result thereof), then the Chargor will repay to the Chargee all or part of the Cash-Back Amount based on the formula hereinafter set out if any of the following events (the "**Triggering Events**") occur prior to the expiry of the original Term of this Charge:

(a) the Chargor sells the Property, prepays all or part of the Indebtedness, early renews or refinances this Charge or arranges for the assignment of this Charge to another chargee; or

(b) the Chargee accelerates prepayment of the Indebtedness because of a default by the Chargor.

The amount that the Chargor must repay (the "**Repayment Amount**") if any Triggering Event occurs will equal:

(c) except where the Triggering Event is the prepayment of only part of the Indebtedness, the Cash-Back Amount multiplied by the portion of the Term remaining at the time of occurrence of the Triggering Event (expressed in months) divided by the original Term (expressed in months); or

(d) if the Triggering Event is the prepayment of only part of the Indebtedness, the number arrived at by using the formula in (c) above multiplied by a fraction having as its numerator the amount of the partial prepayment and as its denominator the original Principal Amount of this Charge.

The Repayment Amount shall be payable forthwith upon the occurrence of the Triggering Event and if not so paid shall be added to the Indebtedness, shall bear interest at the Interest Rate and shall be secured by this Charge.

34. GUARANTEE

The Guarantor, in consideration of the making of the Loan to the Chargor and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby agrees as follows:

(a) that the Guarantor with the Chargor, as principal debtor and not as surety, will well and truly pay or cause to be paid the Indebtedness to the Chargee at the times and in the manner herein provided and appointed for the payment thereof;

(b) that he unconditionally guarantees full performance and discharge by the Chargor of all the obligations of the Chargor under the provisions of this Charge at the times and in the manner herein provided;

(c) that he will indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur or be or become liable for by reason of:

  (i) the failure for any reason whatsoever of the Chargor to pay the Indebtedness or to do and perform any other act, matter or thing pursuant to the provisions of this Charge; or

  (ii) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the Indebtedness or the obtaining of performance by the Chargor or of any other Person liable hereunder of any other act, matter or thing pursuant to the provisions of this Charge,

  and the foregoing indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(d) that the Chargee shall not be obliged to proceed against the Chargor or any other Person liable hereunder or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor herein set out and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any debt or obligation of the Chargor or any other Person liable hereunder or the enforcement of any security for any such debt or obligation;

(e) that the Chargee may grant any extension of time for payment, increase the rate of interest payable under this Charge, renew or extend the term of this Charge, release the whole or any part of the Property or other security from this Charge or otherwise deal with the Chargor, all without in any way releasing the Guarantor from his covenant hereunder;

(f) that the Guarantor has read this Charge and the other Loan Documents and is fully aware of its terms and their terms and in particular the terms of this Section 34.

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(g) that the Chargee, as it sees fit, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and all existing securities up to, and abstain from taking securities from or perfecting securities of, and may compromise, compound, and accept compositions from, and may otherwise deal with, the Chargor and all other Persons liable upon any collateral or other security which the Chargee may at any time hold, without notice to the Guarantor and without changing or in any way affecting the undertaking of the Guarantor hereunder; and

(h) that where there is more than one Guarantor, each Guarantor agrees with the Chargee to be jointly and severally responsible with all other Guarantors and the Chargor for all Indebtedness and obligations of the Chargor under this Charge and the other Loan Documents.

35. SEALED COVENANTS

Each Person signing this Charge (whether as a Chargor or a Guarantor) agrees that each promise and agreement made in this Charge shall be treated as if made by each of them respectively under seal.

36. ADDITIONAL PROVISIONS

Land Registration Reform Act. The covenants set out in Section 7(1) of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended from time to time, are excluded from this Charge; and

Ontario New Home Warranties Plan Act. If the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c. O.31, as amended from time to time, applies to the Property, the Chargor agrees to comply with its requirements and to reimburse the Chargee on demand for any costs which the Chargee incurs in complying with it or enforcing the Chargor's rights on the Chargor's behalf if the Chargor fails to do so and such costs will be added to the Indebtedness and will bear interest at the Interest Rate and shall be secured by this Charge.

DATED the 21st day of November, 2008.

FIRST NATIONAL FINANCIAL GP CORPORATION

By: ______________________________

Stephen Smith
President

I have authority to bind the Corporation

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STANDARD CHARGE TERMS
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Filing No. 200831 Cote
Filing Date Dec. 2nd 2008 Date de Dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

FILED BY: **FIRST NATIONAL FINANCIAL GP CORPORATION**

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number as provided in Section 9 of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended, except to the extent that the provisions of these terms are modified by any additions, amendments or deletions provided for or stipulated in such charge, or in any schedule(s) annexed thereto.

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1. DEFINITIONS

In this set of Standard Charge Terms the following words shall have the following meanings.

"**Applicable Laws**" means all applicable federal, provincial and municipal laws, statutes, regulations, rules, by-laws, policies and guidelines, orders, permits, licences, authorizations, approvals and all common laws or equitable principles whether now or hereafter in force and effect.

"**Balance Due Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"**Change of Control**" has the meaning ascribed thereto in Section 15.

"**Charge**" means collectively, the Charge Form, this set of Standard Charge Terms, any Schedules attached to the Charge Form and all renewals, extensions or amendments thereof from time to time.

"**Charge Form**" means the form, stipulated by Applicable Laws, to which these Standard Charge Terms are attached or incorporated by reference or election.

"**Chargee**" means the Person or Persons named on the Charge Form as mortgagee or chargee and includes any Person to which the Chargee transfers this Charge.

"**Chargor**" means the Person or Persons named on the Charge Form as mortgagor or chargor and any successor in title to such Person or Persons with respect to the Property.

"**CMHC**" means Canada Mortgage and Housing Corporation and its successors and assigns.

"**Commitment**" means the written agreement to make and to accept the Loan entered into between First National Financial LP as lender and the Chargor prior to the execution of this Charge and includes any written communication between the parties renewing, extending or amending the terms of the Loan or any of the Loan Documents, together with all other renewals, extensions or amendments thereof from time to time.

"**Default**" has the meaning ascribed to such term in Section 20.

"**Environmental Laws**" means all Applicable Laws relating to environmental or occupational health and safety matters, including those relating to the presence, release, reporting, licensing, permitting, investigation, disposal, storage, use, remediation, clean up or any other aspect, of a Hazardous Substance.

"**Environmental Proceeding**" means any investigation, action, proceeding, conviction, fine, judgment, notice, order, claim, directive, permit, licence, approval, agreement or lien of any nature or kind arising under or relating to Environmental Laws.

"**First Payment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement, or if not so identified or described, the day that is one month from the Interest Adjustment Date.

"**Guarantor**" means each guarantor or co-covenantor with the Chargor described on the Charge Form or in any other Loan Document.

"**Hazardous Substance**" means any substance or material that is prohibited, controlled, otherwise regulated by any governmental authority or is otherwise hazardous in fact, including without limitation, contaminants, pollutants, asbestos, lead, urea formaldehyde foam insulation, polychlorinated biphenyls or hydrocarbon products, any materials containing same or derivatives thereof, explosives, radioactive substances, petroleum and associated products, underground storage tanks, dangerous or toxic substances or materials, controlled products and hazardous wastes.

"**Indebtedness**" means the outstanding Principal Amount, interest, costs and all other amounts payable by the Chargor to the Chargee under this Charge and the other Loan Documents.

"**Interest Adjustment Date**" means the date identified or described as such on the Charge Form, as the same may be amended by written agreement.

"**Interest Rate**" means the interest rate as described and defined in Section 3 hereof, as such interest rate may be amended from time to time by written agreement.

"**Loan**" means the particular loan or credit facility which this Charge is intended to secure.

"**Loan Documents**" means collectively, the Commitment, this Charge and all other agreements, documents and instruments relating to the Loan as amended, supplemented and restated from time to time.

"**Monthly Instalment**" means a payment payable each month on the Payment Date in an amount calculated in accordance with this Charge.

"**Payment Date**" means that day of each and every month from and including the First Payment Date to and including the Balance Due Date which is a monthly anniversary of the Interest Adjustment Date.

"**Person**" means a natural person, corporation, partnership, limited partnership, trust, unincorporated organization or any other legally recognized entity.

"**Prime Rate**" means the annual rate of interest published from time to time by First National Financial LP as a reference rate of interest then in effect for determining interest on Canadian dollar loans made in Canada.

"**Principal Amount**" means the principal amount of the Loan in lawful money of Canada set out on the Charge Form.

"**Property**" means the real property legally described on the Charge Form or in a Schedule to the Charge Form, if required, and includes all buildings, structures and improvements now or hereafter brought or erected thereon and all fixtures, rents and other appurtenances thereto. In the case of a strata lot or condominium, "Property" shall also include the Chargor's interest in the common elements and any other interests of the Chargor in the assets of the strata corporation or condominium corporation.

"**Receiver**" means a receiver, a manager, a receiver and manager or other similar Person appointed in regard to the Property and the rents and profits of and from such Property, which receiver may be an officer or officers or an employee or employees of the Chargee.

"**Registry Office**" means the appropriate registry of deeds, land titles or other land registration office from time to time established under Applicable Laws for the registration, filing or similar recording of this Charge.

"**Schedule**" means any document or schedule (except these Standard Charge Terms) attached to and forming part of this Charge.

"**Tax Account**" has the meaning ascribed thereto in Section 7.

"**Taxes**" means all taxes, rates and assessments payable with respect to the Property whether provincial, municipal, school, local, parliamentary or otherwise, including, without limitation, municipal and school taxes, water rates and religious assessments, general or special.

"**Term**" means the period of time commencing with the Interest Adjustment Date and ending on the Balance Due Date, as the same may be amended by written agreement.

2. SECURITY

Continuing Security. In return for the making of the Loan to the Chargor:

(a) the Chargor hereby grants, mortgages and charges all of his right, title, estate and interest in and to the Property to the Chargee as continuing security for the payment of the Indebtedness and performance of all obligations of the Chargor contained in this Charge and the other Loan Documents; and

(b) if the Chargor is a tenant or lessee of the Property under a lease, the Chargor hereby grants, mortgages, charges, assigns and subleases all of his right, title and interest (including any present or future option or right of first refusal or right to renew or extend any term of the Chargor's lease) in and to the Property and to the lease, for the unexpired residue of the term of the lease, including any renewals or extensions of the term (excepting always, in all cases, the last day of such original or renewed or extended term).

Subsequent Interests. By this Charge, the Chargor grants and mortgages any additional or greater interest in the Property that the Chargor may later acquire.

No Discharge of other Loan Documents. By entering into this Charge, the Chargor and Chargee do not intend that any other Loan Document is to be extinguished, superceded or discharged.

No Prejudice to Other Security. The Chargee may take guarantees and other security from other Persons, or grant time, renewals, extensions, indulgences, releases and discharges to the Chargor and other Persons, relating to the Indebtedness or the obligations secured by this Charge, without prejudicing or diminishing any of the rights and remedies of the Chargee under this Charge or the other Loan Documents.

Discharge. Upon the total repayment of all Indebtedness under this Charge, the Chargee shall have a reasonable period of time of at least 6 weeks, or such shorter period as required under Applicable Laws, to cause the preparation and delivery of the discharge of this Charge.

3. INTEREST RATE AND MONTHLY INSTALMENTS

Interest Chargeable. Interest is chargeable on and forms part of the Indebtedness and is payable by the Chargor at the Interest Rate, calculated semi-annually and not in advance, in accordance with the terms of this Charge and the other Loan Documents.

Determination of Interest Rate. The Indebtedness shall bear interest at a rate which will vary during the Term, without notice to the Chargor, in tandem with variances in the Prime Rate and will always be the rate which is, in any month, a rate of interest per annum calculated semi-annually, not in advance, determined for such month as a rate equal to the Prime Rate at the close of business on the first day of such month, plus or minus such percentage, if any, as may be indicated on the Charge Form (the "**Interest Rate**"). The Interest Rate will be adjusted once per month on the first day of each and every month during the Term and will remain in effect for the entire month.

Monthly Instalments. The Monthly Instalment shall consist of blended principal and interest in an amount designed to effect payment in full of the Loan by the end of the amortization period thereof. When the Interest Rate changes, the amount of the Monthly Instalment shall be recalculated by the Chargee, so that the then outstanding Principal Amount shall be repaid over the remainder of the amortization period of the Loan. The remainder of the amortization period shall be equal to the original amortization period less the number of months that have elapsed since the Interest Adjustment Date.

Notice of Change in the Interest Rate. Within a reasonable time after each change in the Interest Rate, the Chargee will mail to the Chargor, at the last known address in the Chargee's records, a notice of the changed Interest Rate and the amount of the new Monthly Instalment. The Interest Rate will still vary and the Monthly Instalment change even if the Chargee fails to send such notice or the Chargor fails to receive it.

Calculation of Interest.

(a) Interest shall be payable on the Indebtedness both before and after default, maturity, acceleration and judgment until the Indebtedness has been repaid in full.

(b) In case default shall be made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, and both before and after default and judgment, shall bear interest at the Interest Rate. If the interest and compound interest are not paid within six (6) months from the time of default, a rest shall be made and compound interest at the Interest Rate shall be payable on the aggregate amount then due as well after as before maturity and so on from time to time, and all such interest and compound interest shall form part of the Indebtedness and be secured by this Charge.

Maximum Rate of Interest. If the Interest Rate exceeds the maximum rate permitted under Applicable Laws, then, notwithstanding the terms of any Loan Document, the Interest Rate shall be deemed to be such maximum rate.

4. REPAYMENT OF THE LOAN

Repayment of Indebtedness. The Chargor will pay to the Chargee all Indebtedness secured hereby in the manner provided in this Charge and the other Loan Documents, without any deduction, abatement, counterclaim or set-off (legal or equitable) of any kind whatsoever and shall do, observe, perform and fulfill all the provisions, covenants, agreements and stipulations contained in this Charge and the other Loan Documents.

Monthly Instalments. From and after the Interest Adjustment Date, the Chargor shall pay the Chargee the Principal Amount together with all interest thereon at the Interest Rate calculated semi-annually and not in advance and computed from the Interest Adjustment Date, in Monthly Instalments calculated in accordance with Section 3 above commencing on the First Payment Date and thereafter on each Payment Date to and including the Balance Due Date, at which time the balance of the Principal Amount, if any, and the interest thereon shall become due and be paid.

Interest Payable Prior to Interest Adjustment Date. The Chargor shall pay simple interest on advances, if any, computed from the respective dates of such advances up to the Interest Adjustment Date at the Interest Rate but calculated daily rather than semi-annually. Such payments of interest shall be made on the first day of each and every month commencing with the month next following the month in which the first advance is made and continuing to and including the Interest Adjustment Date.

Prepayments. This Charge cannot be prepaid in whole or in part except as otherwise expressly permitted under this Charge.

Timing of Receipt of Payments. All payments received by the Chargee from the Chargor or any other Person after 3 p.m. (Eastern Standard Time) or on a Saturday, Sunday or statutory holiday will be deemed to be received on the next business day.

5. APPLICATION OF MONTHLY INSTALMENTS

Application of Monthly Instalments. Each Monthly Instalment will be applied first, to pay or reduce interest calculated as provided above on the Principal Amount from time to time outstanding and the balance shall then be applied to reduce the Principal Amount. However, if the Chargor is in default under this Charge or any other Loan Document, the Chargee shall be entitled to apply the Monthly Instalments or any other money received by the Chargee on account of the Indebtedness towards any part or parts of the Indebtedness at the Chargee's discretion.

Annual Mortgage Statement. Each year the Chargor will receive from the Chargee an annual mortgage statement that will show the total amount of the Monthly Instalments that have been applied as aforesaid in the previous year.

6. REPRESENTATIONS AND WARRANTIES

The Chargor represents and warrants to the Chargee:

(a) that the Property is free of all Taxes, same having been paid to date without subrogation in favour of any party;

(b) that all the structures and improvements are erected entirely on the Property and that there are no structures or improvements encroaching over the Property's boundaries from neighbouring lands;

(c) that unless the Charge indicates that he is the tenant or lessee of the Property, the Chargor is the absolute freehold owner of the Property with good title thereto and that there are no charges, mortgages, liens or other encumbrances, other than those hereby created, affecting the Property except for any liens and encumbrances that are registered against title to the Property in the applicable Registry Office at the time the Chargor signed this Charge; and

(d) that the Chargor has the right to grant this Charge to the Chargee.

7. TAXES

Tax Account. The Chargor shall pay all Taxes promptly when due. If required by the Chargee, the Chargor will pay to the Chargee monthly, an amount which, in the opinion of the Chargee, is sufficient to enable the Chargee to pay the annual Taxes on behalf of the Chargor by the date the first instalment of Taxes for each year becomes due, based on the estimated annual Taxes and subject to adjustment based on Taxes actually levied. Such funds, when received by the Chargee, are herein referred to as the "**Tax Account**". The Chargee may, at its option, withhold a sufficient amount from the advance of the Loan to accumulate sufficient funds in the Tax Account to enable the foregoing. If at any time the amount in the Tax Account is not sufficient to pay all Taxes when due the Chargor shall promptly make up the difference on demand. The Chargee shall be under no obligation to pay any Taxes or instalments thereof and will not be liable for any damages or penalties that might result from its failure to do so. It is the responsibility of the Chargor to assure himself of the payment of Taxes by either himself or the Chargee. The Chargee shall not be deemed a trustee for the Chargor in respect of the Tax Account. If the Chargor is in default of its obligations hereunder, the Chargee has the right to use the Tax Account to repay all or any portion of the Indebtedness.

Administration by Chargee. Where the Chargee administers a Tax Account on behalf of the Chargor:

(a) the Chargee shall allow the Chargor interest at not less than the prevailing rate published by the Royal Bank of Canada on personal savings deposits with chequing privileges on the minimum monthly balances standing in the Tax Account from time to time to the credit of the Chargor for payment of Taxes, such interest to be credited monthly to the Tax Account; and

(b) the Chargor shall be charged interest at the rate of 2% above the Prime Rate on debit balances, if any, outstanding in the Tax Account after payment of Taxes by the Chargee, until such debit balance is fully repaid.

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8. INSURANCE

Property Insurance. To secure the repayment of the Indebtedness, the Chargor shall have all the buildings and other constructions now or hereafter erected upon the Property (hereinafter in this Section collectively referred to as the "**buildings**") insured at their full replacement cost against loss or damage caused by fire and such other perils as are covered by standard extended coverage, both during and after construction, until such time as the Chargee is fully repaid all Indebtedness. If the Chargee so requires, the Chargor shall be further insured during said period against the risks of vandalism, floods, boiler explosions and any other risks designated by the Chargee from time to time, as well as against civil liability. If the Property generates rentals or revenues, the Chargor shall also maintain rental insurance in an amount equal to at least 12 months rental income. Prior to any disbursements whatsoever, the Chargor shall deliver to the Chargee certificates evidencing such insurance and if required by the Chargee, certified copies of the policies, and at least fifteen (15) days prior to their expiry he shall deliver proof of new policies or renewal of the existing policies. If said expiry results from the cancellation of said policies, the time allowed will be only five (5) days. The Chargee may, if it so desires, retain all policies in its possession. In any event, the insurer, and the terms of the insurance policies and their renewals, including the amount of any deductibles, shall be approved by the Chargee and the policies shall include the mortgage clauses approved by the Insurance Bureau of Canada confirming that loss proceeds are payable to the Chargee and that the Chargee has the right to receive and to have a lien on the loss proceeds in accordance with its priority established under this Charge. The Chargor hereby assigns to the Chargee all amounts payable under any of these policies. All such policies shall contain an undertaking by the insurer to notify the Chargee in writing of any material change in, cancellation of, failure to renew or termination of such policy at least fifteen (15) days prior thereto. The insurance policies shall not contain a co-insurance clause. Upon the failure of the Chargor to fulfil these insurance obligations, the Chargee may, without prejudice to its other recourses and without notice or demand, effect such insurance contracts as it deems appropriate at the cost of the Chargor to be paid forthwith by the Chargor, failing which it shall be added to the Indebtedness and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. In the event of loss or damage to the buildings, the Chargor shall promptly notify the Chargee and provide the Chargee with a copy of the detailed statement of damages as well as evidence that said statement has been sent to each of the insurers. The Chargor shall allow the Chargee to inspect the buildings. The Chargee may receive the insurance proceeds without the intervention or consent of the Chargor.

Insurance Proceeds. The Chargor shall remit to the Chargee forthwith any amount received by him from an insurer pursuant to an insurance contract described in this Section 8, up to the amount of the Indebtedness. The Chargee will have the right, at its sole discretion, to apply any proceeds of insurance wholly or in part to the following purposes:

(a) to pay wholly or in part Taxes or any other indebtedness secured by charges or other encumbrances which have priority over the Indebtedness or this Charge; and/or

(b) to reconstruct or repair the damaged buildings and pay for the work and materials relative thereto; and/or

(c) to pay wholly or in part the Indebtedness secured hereby, whether or not then due including any amount the Chargor would have been required to pay upon a prepayment of the Indebtedness on such date in accordance with the terms of this Charge.

Chargee to Consent to Repair. No construction or repair work may be undertaken without the prior written consent of the Chargee. It is clearly understood, however, that by consenting to the Chargor effecting any reconstruction or repair the Chargee is in no way obligated to pay the costs thereof nor prevented from using all or part of said proceeds to pay the Indebtedness or any part thereof or to pay any other party whose security interest ranks prior to its own. The Chargee may, at its option, undertake any such reconstruction or repair of the damaged buildings. Any proceeds applied to pay all or any part of the Indebtedness shall only be regarded as being so applied when the Chargee has decided to so apply them.

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9. MAINTENANCE AND REPAIR

The Chargor shall maintain the Property in a good state of maintenance and repair as would a prudent owner, and in compliance with all Applicable Laws. The Chargor may not alter or demolish or allow any other party to alter or demolish the Property without the prior written consent of the Chargee. The Chargee or any Person designated by the Chargee shall be at liberty to inspect the interior or the exterior of the Property and/or to conduct a site assessment or investigation to determine if there has been a breach of any Applicable Laws, including, without limitation, any Applicable Laws concerning environmental protection. The Chargor shall pay the cost of any such inspection or site assessment to the Chargee promptly upon demand, failing which it shall be added to the Indebtedness and shall bear interest from the date paid by the Chargee at the Interest Rate until repaid and shall be secured by this Charge. The exercise of any of the powers enumerated in this section shall not result in the Chargee or any designee conducting such inspection, assessment or investigation being deemed to be in possession, management or control of the Property.

10. COMPLIANCE WITH APPLICABLE LAWS

The Chargor shall comply with all Applicable Laws that apply to the Property or the use or occupation thereof, including, without limitation, those relating to zoning, land use, health, safety and environmental protection. The Chargor shall not, and shall not permit any lessee of the Property, to engage in any criminal activity on the Property including, without limitation, the cultivation or processing of marijuana or any other controlled substance.

11. USE OF PROPERTY

The Chargor shall not change or permit any change in the use of the Property nor will the Chargor request or support any rezoning of the Property (or any portion thereof) without the prior written consent of the Chargee.

12. FIXTURES

The Chargor covenants and agrees with the Chargee that all erections and improvements fixed or otherwise now on or in future put upon the Property which are the property of the Chargor, including, without limitation, all fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, storm windows and storm doors, window screens and screen doors, dishwashers, washing machines, dryers, and all apparatus and equipment appurtenant to any of the forgoing are and shall be, in addition to other fixtures thereon, fixtures and form part of the Property and shall be a portion of the security for the Indebtedness. The Chargor hereby charges and grants to the Chargee a security interest in all of the Chargor's right, title and interest in and to all such items as additional security for repayment of the Indebtedness.

13. OTHER ENCUMBRANCES

The Chargor shall maintain the Property free and clear of and from any claim, charge, mortgage, lien or other encumbrance ranking prior to the charge created herein and shall cause the removal of any such prior claim or charge within ten (10) days of its creation, unless the Chargor, in good faith, contests its validity or the amount of the claim from which it results, after having given prior notice to the Chargee of his intention to such effect, and has deposited with the Chargee an amount in lawful money of Canada which shall be sufficient to guarantee all losses which the Chargee may suffer by reason of such claim, charge, mortgage, lien or encumbrance. The Chargor shall not grant any rights in the Property without the prior consent in writing of the Chargee and shall maintain all Property free and clear of any claims, charges, mortgages, encumbrances, liens or rights other than those that are created under this Charge.

14. CHARGEE'S RIGHT TO PERFORM

The Chargee may perform any obligation of the Chargor hereunder or under any other Loan Document which the Chargor fails to perform including without limitation, payment of all premiums of insurance and all Taxes, utility and heating charges and rents which shall from time to time fall due and be unpaid in respect of the Property, and may satisfy any lien, encumbrance, claim or other charge now or hereafter existing upon the Property. All amounts expended by the

Chargee in so doing shall be added to the Indebtedness, shall be secured by this Charge, shall be payable forthwith by the Chargor to the Chargee and shall bear interest from the date so paid by the Chargee at the Interest Rate until repaid.

15. ASSUMPTION OF CHARGE

Requirements for Assumption. The Chargee shall allow a purchaser of the Property to assume the Charge from the current Chargor provided the purchaser completes a new mortgage loan application, is approved by the Chargee in accordance with its then current underwriting practices and executes an assumption agreement in form and substance satisfactory to the Chargee.

Indebtedness May Become Due. Provided that in the event of:

(a) the Chargor selling, conveying, transferring or entering into any agreement to sell or transfer the title of the Property to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) such purchaser, grantee or transferee failing to:

- (i) apply for and receive the Chargee's written approval as aforesaid,
- (ii) personally assume all the obligations of the Chargor under this Charge, and
- (iii) execute an assumption agreement in the form required by the Chargee; or

(c) in the case of a corporate Chargor, the occurrence of a change of control (within the meaning given to such term in the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended from time to time) (a "**Change of Control**") of the Chargor not approved in writing by the Chargee,

then, at the option of the Chargee, the Indebtedness, together with the amount required to be paid on a prepayment of the Charge on such date pursuant to the terms of this Charge, shall forthwith become due and payable.

16. NO RELEASE

Notwithstanding that the Chargee may have approved any purchaser, grantee or transferee and that such Person may have executed an assumption agreement, or that the Chargor transfers or otherwise conveys or purports to transfer or otherwise convey the Property or any interest therein, the Chargor shall not thereby be released from his obligations under this Charge or any other Loan Document unless the Chargee has so released the Chargor in writing or the Chargor is otherwise released pursuant to Applicable Laws.

17. PORTABILITY OF CHARGE

All amounts outstanding under this Charge may be secured by a charge on replacement property of at least equal value (the "Replacement Property") on the same terms and conditions as contained in this Charge, provided the following conditions are met:

(a) the Chargor is not in default under this Charge;

(b) the Replacement Property is a single family dwelling which the Chargor will occupy;

(c) the Chargor completes a new mortgage loan application for the Replacement Property for an amount not less than the then outstanding Principal Amount of this Charge;

(d) the new loan application is approved by the Chargee in its sole discretion;

(e) the new charge is registered as a first charge against the title to the Replacement Property and all searches, opinions and clearances required by the Chargee are obtained and, if so required by the Chargee, title insurance is in place;

(f) the term of the new charge shall expire on the maturity date of this Charge;

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(g) the new charge shall incorporate all terms and conditions then contained in the Chargee's standard charge and other documentation in use at that time; and

(h) the Chargor will pay all costs, charges and expenses of and incidental to the approval, taking, preparation, execution and registration of the new charge and discharge of this Charge, or, if applicable, an amending agreement, including, without limitation, any application and appraisal fees, solicitor's fees, surveyor's fees and, if applicable, mortgage insurance and title insurance premiums.

18 LEASES AND RENTALS

Where the Property generates rentals or revenues the following provisions shall apply:

(a) As general and continuing security for repayment of the Indebtedness, the Chargor hereby assigns, transfers and sets over to the Chargee, as and by way of a fixed and specific assignment and security interest, all legal and beneficial right, title and interest of the Chargor in and to (i) all present and future leases, offers to lease, subleases, licences and other agreements affecting the use, enjoyment and/or occupancy of the Property or any part thereof and all related guarantees, indemnities and security deposits, and (ii) any and all rents, revenues and receipts of any kind from the Property now or hereafter due and payable, with full benefit and advantage thereof, including the benefit of all covenants and agreements contained in the leases and full power and authority to demand, collect, sue for, recover, receive and give receipts for the rents in the name of the Chargor or owner from time to time of the Property or in the name of the Chargee, in the Chargee's sole discretion.

(b) Upon request by the Chargee, the Chargor shall provide to the Chargee (i) a list containing the name of all tenants, and details as to their leases; (ii) a copy (or the original, when requested by the Chargee) of all leases, present and future, relating to the Property and any document and any useful information in connection therewith, and (iii) a written acknowledgment by the tenants, present and future, of the charge on rentals hereby created in the form required by the Chargee.

(c) The Chargee may require that all leases be subject to its approval, that they be subordinated to its rights herein and that the Chargor provide it on a yearly basis with a statement of revenues and expenditures concerning the Property. All leases shall be on market terms and conditions.

(d) The Chargee hereby authorizes the Chargor to collect all rents; however, the Chargor shall not collect more than one month's rent in advance nor shall he grant more than one month's free rent. Such authorization may be revoked at any time by the Chargee and in such case, the Chargee shall be at liberty to exercise as it may deem appropriate, to the exclusion of the Chargor, all rights of the Chargor in order to maintain, renew, grant, modify or terminate any lease, and to collect rentals and revenues from the Property including, without limitation, the bringing of an action for recovery of rentals; provided however, that the Chargee shall be under no obligation to exercise such right and shall not be liable for any loss or damage which may result from its failure to collect such rentals.

(e) With respect to leases of the Property, the Chargor hereby represents and warrants that the rents payable under same are legal, that no proceedings exist which could result in a decrease in the legal rents chargeable, that no orders exist prohibiting rent increases and that no work orders exist which could result in the issuance of an order prohibiting rent increases.

(f) The Chargor hereby agrees to indemnify and save the Chargee harmless from any and all demands, claims, damages, actions, proceedings, lawsuits, costs, expenses or payments which the Chargee may sustain or incur by reason of the Chargor's failure to charge legal rents or by reason of successful reduction claims by any tenant under any lease in the building on the Property or by any former tenant of the building. The Chargor agrees that all rents charged with respect to the Property or any part thereof will be lawful rents pursuant to any applicable legislation from time to time respecting residential housing and further agrees that he will file all items required to be filed by such legislation in a timely, accurate and complete way. All amounts so indemnified will be payable

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forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date of the expenditure until paid in full and shall be secured by this Charge. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

19. ENVIRONMENTAL MATTERS

Chargor to Indemnify. The Chargor shall indemnify and save the Chargee harmless from and against all actions, proceedings, losses, damages, liabilities, claims, demands, judgments, costs and expenses (including legal fees) (collectively "**Environmental Claims**") occurring, imposed on, made against or incurred by the Chargee arising from or relating to, directly or indirectly, and whether or not caused by the Chargor or within its control, (a) any actual or alleged breach of Environmental Laws relating to or affecting the Property; (b) the actual or alleged presence, release, discharge or disposition of any Hazardous Substance in, on, over, under, from or affecting all or part of the Property or surrounding lands, including any personal injury or property damage arising therefrom; (c) any actual or threatened Environmental Proceeding affecting the Property including any settlement thereof; and (d) any assessment, investigation, containment, monitoring, remediation and/or removal of any Hazardous Substances from all or part of the Property or surrounding areas or otherwise complying with Environmental Laws. This indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge.

Amounts Relating to Environmental Claims. All amounts expended by the Chargee in connection with any such Environmental Claims shall be payable by the Chargor forthwith upon demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date expended until paid in full and shall be secured by this Charge.

20. EVENTS OF DEFAULT

The Chargor shall be in default (a "**Default**") under this Charge in each of the following events:

(a) the Chargor fails to pay any monies payable under this Charge or under any other Loan Document when due;

(b) the Chargor fails to perform any of its covenants or obligations under this Charge or under any other Loan Document;

(c) the Chargor fails to comply with any other term or condition of this Charge or any other Loan Document;

(d) any of the representations, statements, certifications or declarations of the Chargor, whether contained in this Charge or any other Loan Document, is found to be untrue or misleading;

(e) if any other mortgage or any lien, charge or other encumbrance is registered against title to the Property or if the Chargee receives written notice of any lien that is created as a result of unpaid property taxes, unpaid strata or condominium fees, judgments, construction liens, builders' liens or similar encumbrances;

(f) the Chargor becomes insolvent or becomes subject to any insolvency, bankruptcy, reorganization, arrangement, compromise of debts or similar proceedings affecting the rights of any creditor, or a petition in bankruptcy is taken against the Chargor, or a receiver or an administrator takes possession of his property, or a resolution is adopted with respect to the liquidation of his property;

(g) in the case of a corporate Chargor, it fails to remain in good standing with government authorities having jurisdiction over it or if the corporation loses any of its rights or attributes as a corporation;

(h) in the case of a corporate Chargor, there is a Change of Control of the Chargor without the prior written consent of the Chargee;

(i) any activity which violates the *Criminal Code*, R.S.C. 1985, c. C-46 (as amended from time to time) or any other law or regulation of any authority having jurisdiction is conducted on the Property;

(j) if the Loan is insured, whether under the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time) or by any other insurer, any requirement of such insurance has not been complied with by the Chargor;

(k) if the Property is under construction, the construction works are halted for a continuous period exceeding ten (10) days, for reasons other than a fortuitous event or force majeure or construction holidays;

(l) if a default occurs under any other mortgage or any lien, charge or encumbrance affecting the Property or any part of it including without limitation, any of the foregoing which has priority over this Charge and whether or not the Chargee has agreed to such priority;

(m) the Property is subject to foreclosure proceedings, judicial sale, or otherwise seized by another mortgagee, encumbrancer, writ holder, receiver or any agent of the any of the foregoing or any other Person performing similar functions; or

(n) an event occurs which is stated to be a Default under Section 25 of this Charge.

21 CHARGEE'S REMEDIES UPON DEFAULT

Chargee's Rights on Default. If a Default occurs, the Chargee shall have no obligation to make any further advances and may, at its option, do any one or more of the following:

(a) demand immediate repayment of the Indebtedness, in which case all Indebtedness will become immediately due and payable and, to the extent permissible under Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to prepay the Indebtedness at such time;

(b) subject to Applicable Laws, take such action as is necessary or desirable to collect the Indebtedness or any portion thereof;

(c) enter upon and take possession of the Property and any personal property thereon;

(d) make any arrangements the Chargee considers necessary or advantageous to inspect, lease, collect rents or manage the Property, complete construction of any building on the Property or repair any building on the Property;

(e) take proceedings in court or otherwise as may be permitted by Applicable Laws to sell the Property or any part thereof or, if the Property is a leasehold interest, to sell the unexpired term of years demised by the lease with respect to the whole or any part of the leasehold interest in the Property, by public auction or private sale and on such terms as the Chargee considers most advantageous, including selling the Property or unexpired term of the lease for cash or credit or any combination of the two:

  (i) on thirty-five days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

  (ii) without notice to the Chargor if the Default has continued for sixty days or more (if and to the extent permitted by Applicable Laws);

(f) lease the Property on such terms as the Chargee considers most advantageous:

  (i) on fifteen days notice to the Chargor if the Default has continued for fifteen days (or such longer or other period as may be required by Applicable Laws); or

  (ii) without notice to the Chargor if the Default has continued for thirty days or more (if and to the extent permitted by Applicable Laws);

(g) apply to a Court for an order that the Property be sold on terms approved by the Court;

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(h) apply to a Court to foreclose the Chargor's interest in the Property so that when the Court makes its final order of foreclosure, the Chargor's interest in the Property will be absolutely vested in and belong to the Chargee;

(i) apply to the Court to have a Receiver appointed with respect to the Property or appoint a Receiver of the Property under this Charge;

(j) with respect to personal property charged by this Charge, exercise any or all of the rights and remedies granted to secured parties under applicable personal property security legislation and any other applicable statute, or otherwise available to the Chargee at law or in equity; and

(k) take any other action and exercise any other remedies which are described elsewhere in this Charge or the other Loan Documents or which are available to the Chargee under Applicable Laws upon a default by the Chargor including without limitation, non-judicial foreclosure.

Additional Payments. Where a prepayment or redemption takes place following a Default hereunder by the Chargor, there shall, coincident therewith, be due and owing to the Chargee, to the extent permissible under Applicable Laws, any amount which would have been payable by the Chargor had he elected to prepay the Indebtedness pursuant to the prepayment provisions set out in this Charge at the time of such prepayment or redemption.

Payment of Chargee's Costs When Default is Remedied. If the Chargor avails himself of the right to remedy any Default, he shall pay all costs then incurred by the Chargee, and such costs shall include, without limitation, all administrative costs incurred by the Chargee by reason of the Default and all legal fees (determined on a solicitor and client full indemnity basis) and fees paid to experts.

Chargee's Rights to Administer and Manage Property. If the Chargee elects to take possession of the Property, it shall be at liberty to administer and manage it and hire a manager or caretaker, use all means at its disposal in order to enter into the Property with or without a locksmith, contract or renew leases or terminate them, in the name of the Chargor, for the amounts and upon terms and conditions, including, without limitation, the payment of tenant inducements, which the Chargee shall consider appropriate, maintain the Property in good condition, carry out repairs and renovations and undertake or complete any work, all at the Chargor's expense. The Chargor agrees that he will not interfere with the Chargee's or any Receiver's possession of the Property.

Accounting for Monies Received. The Chargee shall only be required to account to the Chargor for any monies actually received by the Chargee in connection with the Property.

Payment of Chargee's Costs and Expenses. To the maximum extent permitted by Applicable Laws, all sums disbursed by the Chargee in enforcing any of its remedies or in connection with the protection, enforcement or realization of its security, including, without limitation, legal fees, realtor's fees, fees incurred in relation to any inspection or valuation of the Property, protective disbursements, fees and expenses incurred in connection with taking such steps as are deemed necessary by the Chargee to protect its interests in proceedings commenced by other Persons in relation to the Property and any sums expended in connection with actions taken under Section 21 hereof, shall be repayable by the Chargor on demand, shall be added to the Indebtedness, shall bear interest at the Interest Rate from the date funds were expended by the Chargee and shall be secured by this Charge.

22. JUDGMENTS AND DEFICIENCY

Chargee's Rights After Judgment. If a judgment is obtained from a Court concerning some or all of the Indebtedness or obligations, the remaining Indebtedness or obligations will not be extinguished, superceded or discharged nor will the Chargee be prevented from exercising any of its remaining rights under this Charge, any other Loan Document or under Applicable Laws.

Deficiency After Sale. To the maximum extent permitted by Applicable Laws, the Chargor shall remain liable for payment to the Chargee of all of the Indebtedness, notwithstanding that the

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Chargee may have exercised one or more of its remedies under this Charge including, without limitation, sale of the Property.

23. APPOINTMENT OF RECEIVER

Appointment of Receiver. Upon Default, the Chargee or the Chargee as agent or attorney for the Chargor (with such appointment not being revocable by the Chargor), with or without entering into possession of the Property or any part thereof, may appoint in writing a Receiver and may remove any such Receiver and appoint a new Receiver in the place and stead of any previously appointed Receiver.

Powers of Receiver. Subject to Applicable Laws, the Receiver:

(a) will be deemed to be the Chargor's irrevocable agent or attorney, vested with all rights, powers and discretions of the Chargor, and the Chargor will be solely responsible for the Receiver's acts or omissions and for the Receiver's remuneration and expenses;

(b) has power, in the Chargor's name or in the name of the Chargee, to take possession of the Property, to demand, recover and receive income from the Property and to start and carry on any action or court proceeding to collect that income;

(c) may lease or sublease the Property or any part of it on terms and conditions that the Receiver chooses, including without limitation, the payment of tenant inducements, and for that purpose execute contracts in the name of the Chargor, which contracts will be binding on the Chargor;

(d) may make arrangements for the completion of the construction of or repair any improvement on the Property, notwithstanding that the resulting cost may exceed the Principal Amount;

(e) may manage the Property and maintain it in good condition;

(f) has the power to perform, in whole or in part, the Chargor's duties under the terms of the Loan Documents;

(g) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Property or will increase or preserve the value or income potential of the Property; and

(h) has the power to exercise any of the Chargee's rights and remedies referred to in Section 21 hereof.

Use of Income by Receiver. Neither the Receiver nor the Chargee shall be liable to the Chargor to account for monies other than monies actually received by it, in respect of the Property. From income received from the Property, the Receiver may, subject to Applicable Laws, in any order the Receiver chooses, (i) retain enough money to pay or recover the cost to collect the income and to cover other disbursements; (ii) retain its commission, fees and disbursements as receiver; (iii) pay all Taxes and the cost of maintaining the Property in good repair, completing the construction of any building or improvement on the Property, supplying goods, utilities and services to the Property, insuring the Property and taking steps to preserve the Property from damage by weather, vandalism or any other cause; (iv) pay any money for matters required to be paid by the Receiver under Applicable Laws, or that might, if not paid, result in a default under any charge or encumbrance having priority over this Charge or that might result in the sale of the Property if not paid; (v) pay taxes in connection with anything the Receiver is entitled to do under this Charge; (vi) pay all or part of the Indebtedness to the Chargee whether or not it is due and payable; and (vii) pay any other money owed by the Chargor under this Charge and the other Loan Documents.

Receiver May Borrow. The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do. Any money borrowed by the Receiver from the Chargee and any interest charged on that money and all the costs of borrowing will form part of the Indebtedness and will bear interest at the interest rate and shall be paid with the frequency provided under the applicable terms under which such money was borrowed.

Receiver's Costs and Expenses. The fees and disbursements of the Receiver, if paid by the Chargee, shall form part of the Indebtedness and will bear interest at the Interest Rate from the date paid by the Chargee and shall be secured by this Charge.

Chargee Not Responsible. Nothing done by the Receiver under this Section 23 shall render the Chargee a mortgagee in possession, and the Chargor hereby releases and discharges the Chargee and every Receiver and each of their respective successors and assigns from every claim of every nature, whether for damages for negligence or trespass or otherwise, which may arise or be caused to the Chargor or any Person claiming through or under the Chargor by reason or as a result of anything done by the Chargee or any Receiver under the provisions of this Charge. The Chargor hereby agrees to ratify and confirm all actions of any Receiver taken or made pursuant to this Charge and agrees that neither the Receiver, the Chargee nor their respective successors and assigns will be liable for any loss sustained by the Chargor or any other Person from such actions or failure to act.

24. LEASEHOLD PROVISIONS

This Section 24 applies if the Chargor is a tenant or lessee of the Property.

Definition. For the purposes of this Section 24, "**Lease**" means a lease or a sublease pursuant to which the Chargor has a leasehold interest in the Property.

Representations. The Chargor represents that:

(a) the Property is leased to him under a valid Lease (a copy of which has been provided to the Chargee);

(b) that the Chargor has a good leasehold title to the Property free and clear of all mortgages, liens, charges and encumbrances other than liens registered against the leasehold title to the Property in the applicable Registry Office at the time the Chargor signed this Charge;

(c) all rents and other moneys payable under the Lease have been paid and the Chargor has complied with all of his obligations set out in the Lease, in both cases up to the date the Chargor signed this Charge; and

(d) the Chargor has the right to charge and sublet the leasehold title to the Property to the Chargee as set out in this Charge and, if required, has obtained the lessor's unconditional consent to this Charge (or if such consent has been issued under conditions, the Chargee has agreed to same, in writing) and any such consent is in writing and has been provided to the Chargee.

Covenants. The Chargor also covenants and agrees as follows:

(a) that the Lease will at all times while this Charge is not discharged, be a valid lease in full force and effect;

(b) the Chargor will not amend, surrender or modify the Lease without written consent of the Chargee and will pay the rents and other payments required by the Lease as they fall due and perform and observe the covenants and other obligations contained in the Lease on the lessee's part to be performed;

(c) the Chargor will renew the Lease when the Lease gives the Chargor that right so that the term of the Lease will continue at all times while this Charge is not discharged;

(d) the Chargor will promptly give the Chargee a copy of any notice, demand or request which the Chargor may receive relating to the Lease;

(e) the Chargor will, at his cost, upon request by the Chargee, obtain and deliver to the Chargee estoppel certificates from the lessor under the Lease in form and content satisfactory to the Chargee;

(f) the Chargor will sign any other document or take any further action as the Chargee may reasonably require, to ensure that all of the Chargor's interest in the Property and in the

Lease have been fully charged to the Chargee and that the Indebtedness is adequately secured;

(g) the Chargor shall indemnify the Chargee and its successors and assigns against all actions, claims, costs (including legal costs, and on a solicitor and client full indemnity basis), demands and liabilities which the Chargee and its successors and assigns may suffer or sustain by virtue of any default by the Chargor under the Lease, and the Chargor agrees that this indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(h) the Chargor will stand possessed of the Property for the last day of the term or any renewal term granted by the Lease in trust for the Chargee;

(i) at the Chargee's request, the Chargor will transfer to the Chargee (or to any other Person to whom the Chargee transfers the Chargor's interest in the Property) the last day of the term of the Lease or of any renewal;

(j) the Chargor hereby appoints the Chargee as his attorney so that the Chargee, on his behalf and in the name of the Chargor, may assign the Lease and the last day of the term of the Lease or of any renewal and convey the Chargor's interest in the Property as the Chargee may require to perfect any transfer made under the default provisions of this Charge; and

(k) if the Chargor acquires the lessor's interest in the Property (whether by exercising any option to purchase there may be in the Lease or any renewal thereof or otherwise), this Charge will automatically extend to such interest and the Chargor agrees that at the Chargee's request the Chargor will deliver to the Chargee a new charge against such additionally acquired interest substantially on the same terms and conditions as those set forth in this Charge.

25. STRATA/CONDOMINIUM PROVISIONS

This Section 25 applies if the Property is or becomes a strata or condominium property created under Applicable Laws.

Compliance with Strata/Condominium Rules. The Chargor shall comply with all of the terms and conditions of the declaration pertaining to the Property as same may be amended from time to time (the "**Declaration**") together with all rules, regulations and by-laws relating thereto as well as all orders and resolutions passed at meetings of the strata/condominium corporation (together with the Declaration, collectively, the "**Constituting Documents**").

Expenses and Taxes. The Chargor shall pay promptly when due his share of all common expenses, levies and administrative charges in the amounts determined by the board of directors of the strata corporation or condominium corporation (hereinafter the "**strata/condominium corporation**"); if any such payments are not made when due and regardless of any other action or proceeding taken or to be taken by the strata/condominium corporation, the Chargee may make such payments on behalf of the Chargor pursuant to Section 14 hereof.

Voting Rights. The Chargor authorizes the Chargee in the Chargor's name and on the Chargor's behalf, to exercise all rights under Applicable Laws and the Constituting Documents to vote at any meeting (or to vote otherwise than at any meeting) of the strata/condominium corporation, and to consent to anything having to do with the management, sale or other dealings with the Property or assets of the strata/condominium corporation. This authorization includes voting on or any consent to the termination of the strata/condominium corporation. Notwithstanding this authorization, the Chargee may choose not to vote or not to consent at any particular time or on any particular issue. Until the Chargee gives notice to the Chargor and/or the strata/condominium corporation that the Chargee intends to exercise its right to vote or consent, the Chargor may vote or consent. Any notice the Chargee gives may be for an indeterminate or limited period of time, or for a specific meeting or matter. The Chargee shall not be under any obligation to exercise such rights, even though notice may have been given of its intention to do so and shall not be liable to the Chargor or any other Person for the manner in which such rights are exercised or for the failure to exercise same.

Insurance.

(a) At the request of the Chargee, the Chargor shall obtain and deliver to the Chargee a certificate of insurance issued under the master insurance policy placed by the strata/condominium corporation in accordance with the terms of the Declaration and showing the Chargee as mortgagee.

(b) In addition to the insurance maintained by the strata/condominium corporation, the Chargor will insure all improvements which have been or at any future time are made to the dwelling unit charged herein and, as well, insure against such additional risks as may be required by the Chargee, will provide the Chargee with certified copies of every such insurance policy naming the Chargee as loss payee and, not less than 15 days before any policy expires, evidence of its renewal. If any loss or damage occurs the Chargor will immediately, at its expense, do everything necessary to enable the Chargee to obtain the insurance proceeds. These proceeds may, at the option of the Chargee, be applied in whole or in part to repair the damage, be paid to the Chargor, or be applied to reduce any part of the Indebtedness whether or not yet due, in which latter case, to the extent permissible by Applicable Laws, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment at such time. The obligation to insure the entire structure of which the Property forms part may be performed by the strata/condominium corporation and the proceeds of such insurance may be payable in accordance with the Constituting Documents related thereto. Upon the occurrence of loss or damage, the Chargor will fully comply with the terms of all insurance policies and with the insurance provisions of such Constituting Documents.

Notices and Other Documents. At the request of the Chargee, the Chargor will give the Chargee copies of all notices, financial statements and other documents given by the strata/condominium corporation to the Chargor.

Chargee May Require Payment. At the option of the Chargee, and subject to compliance with Applicable Laws, there is a Default if:

(a) governance of the property of the strata/condominium corporation under the Constituting Documents is terminated or wound up;

(b) a vote of the strata/condominium owners authorizes the sale of the property of the strata/condominium corporation or of a material part of its common property (or common elements);

(c) the strata/condominium corporation fails to comply with Applicable Laws or the Constituting Documents;

(d) the strata/condominium corporation fails to insure the strata/condominium units and common property (or common elements) against destruction or damage by fire and other perils usually insured against for full replacement cost; or

(e) the strata/condominium corporation fails, in opinion of the Chargee, to manage its property and assets in a careful way or to maintain its assets in good repair.

Chargee Not Responsible. Nothing done by the Chargee or its agents under this Section 25 will make the Chargee a mortgagee in possession.

26. EXPROPRIATION

Prepayment of Indebtedness. In the event of a prepayment of all or any portion of the Indebtedness as a result of an expropriation of all or part of the Property, the prepayment provisions set out in this Charge will apply as if the Chargor had elected to make a prepayment of the amount prepaid at such time.

Expropriation of the Property. In the event of the expropriation of all or substantially all of the Property the Indebtedness will, at the option of the Chargee, become immediately due and payable together with any applicable prepayment charge. All amounts received by the Chargor in connection with such expropriation shall, to the extent of the Indebtedness and such prepayment charge, be paid to the Chargee and until so paid shall be deemed to be held by the Chargor in trust for the Chargee.

Partial Expropriation. In the event of the expropriation of only a portion of the Property, all amounts received by the Chargor in connection with such expropriation shall, at the option of the Chargee, be paid to the Chargee to be credited towards the Indebtedness and any applicable prepayment charge in respect of such amount. Until such amounts have been paid to the Chargee they shall be deemed to be held by the Chargor in trust for the Chargee. If the Chargee, in its sole discretion, is of the view that the remainder of the Property is inadequate security for the remainder of the Indebtedness, then the Chargee may declare all the Indebtedness together with any applicable prepayment charge immediately due and payable.

27. ADVANCES AND READVANCES UNDER CHARGE

Neither the preparation, execution nor registration of this Charge shall bind the Chargee to advance the Principal Amount intended to be secured hereby, nor shall the advance of a part of the Principal Amount bind the Chargee to advance any unadvanced portion thereof, but nevertheless the charges hereby created shall take effect forthwith upon the execution of this Charge by the Chargor. This Charge and the charges granted herein shall operate until all the Indebtedness is fully paid to the Chargee and all covenants of the Chargor herein have been performed in full, in each case in the manner contemplated herein and until the Chargee has delivered a complete discharge hereof in writing to the Chargor. This Charge shall not cease to operate although the Chargor may not be indebted to the Chargee at any time and the Chargee may accept repayment of all or a portion of the Indebtedness and may allow the Chargor to reborrow the amounts previously paid to the Chargee, and this Charge and the charges, mortgages, assignments, security interests and liens granted herein shall stand as security for all such amounts borrowed and reborrowed, whether or not the Indebtedness has at any time been reduced to zero.

28. RENEWAL AND AMENDMENT OF CHARGE

Registration of Agreements Not Required. Any agreement in writing between the Chargor and the Chargee after the date of this Charge, relating to the payment of the unpaid Indebtedness, or to the Interest Rate, or to both, or any other matter, need not be registered in any Registry Office. Such agreement shall be effective and binding on the Property and upon the Chargor, the Chargee and upon any subsequent encumbrancer or transferee of the Property to the same extent and effect as if such agreement in writing had been executed, delivered and registered in the appropriate Registry Office prior to the making of such subsequent encumbrance or transfer.

No Implied Agreement. No agreement for renewal hereof or for extension of time for payment of the Indebtedness hereunder shall result from, or be implied from, any payment or payments of any kind whatsoever made by the Chargor to the Chargee after the expiration of the Term or of any subsequent term.

29. PRINCIPAL FAMILY RESIDENCE

Consent of Spouse. Any spouse who is signing the Charge Form consents to the granting of this Charge by the Chargor and releases to the Chargee any claim or interest that the spouse has or may have in the Property under Applicable Laws as far as such release is necessary to give effect to the Chargee's rights under this Charge.

Change in Marital Status. If the Chargor is not married at the time of execution of this Charge, but marries thereafter with the result that the Property becomes a principal family residence or if the Property becomes a principal family residence under Applicable Laws or by reason of the registration of a declaration of family residence or of a judicial award, the Chargor agrees that he will forthwith notify the Chargee of same and cause his spouse to subordinate to the rights of the Chargee all of such spouse's rights in the Property as the principal family residence, by signing a written agreement in the form required by the Chargee.

30. FEES PAYABLE BY CHARGOR

Chargee's Fees and Expenses. The Chargor shall promptly pay all lawyers' and experts' fees related to this Charge and every renewal or amendment thereof, including, without limitation, fees related to any examination of title to the Property, as well as any costs of evaluation, any survey fees and any costs pertaining to mortgage insurance and/or title insurance, if applicable. The Chargor shall also pay any costs and expenses incurred by the Chargee in responding to any court actions, directives, orders, notices or requests for information brought against the Chargee as a result of or relating to this Charge.

Chargee's Administrative Fees. The Chargor shall also pay an administration fee to the Chargee for every dishonoured cheque or preauthorized cheque debit. The fee will automatically be debited to the Chargor's Tax Account balance, or sundry account, or added to the pre-authorized cheque debit upon reissue unless a separate payment of such administration fee is received with a replacement cheque. The Chargee also reserves the right to charge reasonable fees in accordance with industry standards for other administrative services such as, but not limited to, discharges, assumptions, transfers, payment frequency changes, mortgage statements, etc. and the Chargor agrees to pay such fees. These fees may vary from time to time and will be published in the Chargee's schedule of fees, which may be obtained by the Chargor upon request.

31. INSURED INDEBTEDNESS

In the event that all or any portion of the Indebtedness is insured by a mortgage insurer in favour of the Chargee, the contractual relations between the Chargee and the mortgage insurer will be taken into account before effecting any disbursement of funds, or before acceptance of any purchaser or transferee of the Property can become valid, even if already accepted by the Chargee. If this Charge is insured by CMHC, it shall be deemed to be made pursuant to the *National Housing Act*, R.S.C. 1985, c. N-11 (as amended from time to time).

32. GENERAL CONDITIONS

Assignment. The Chargor may not assign or transfer the rights that he has or may have to any advance of the Loan without the prior written permission of the Chargee.

No Partial Discharge. The Chargor shall not be entitled to obtain a partial discharge of the Property in the event the Property is subdivided and sold notwithstanding that the Chargee has been paid the sale proceeds thereof.

Pre-Authorized Payments. The Chargor explicitly authorizes the Chargee to withdraw from any bank account in his name, details of which have been provided to the Chargee in accordance with a pre-authorized chequing plan, the sums necessary to satisfy the payments the Chargor must make by virtue of this Charge as well as the life insurance premiums related to same, if applicable.

Investment of Funds. The Chargee shall be at liberty to deposit any monies or instruments received or held by it pursuant to this Charge in a non-interest bearing account or invest them, without having to comply with any legal provisions concerning the investment of the property of others, in any certificate of deposit issued by an institution chosen by the Chargee, for any term which it may choose.

Limited Responsibility of Chargee. The Chargee is only liable to the Chargor or any Guarantor for the Chargee's or its employees' wilful misconduct or gross negligence.

Right to Delegate. The Chargee shall be at liberty to delegate to any Person or Persons the exercise of its rights, actions or the performance of any covenant resulting from this Charge or under Applicable Laws; in such case the Chargee is hereby authorized to supply such Person with any information it holds relating to the Chargor or the Property.

Power of Attorney. In consideration of the making of the Loan to the Chargor, the Chargor hereby grants to the Chargee, with full power of substitution, an irrevocable power of attorney of the Chargor coupled with an interest to carry out any and all acts and to execute any and all deeds, instruments or other documents which it may deem useful in order to exercise its rights. The Chargor ratifies in advance all actions of the Chargee pursuant to such power of attorney and confirms that the Chargee is not liable for any loss sustained by the Chargor or any other Person resulting from any such action or failure to act.

Rights and Remedies. The acceptance by the Chargee, as a result of default on the part of the Chargor, of all or part of the sums to which it is entitled, or the exercise by the Chargee of any right or remedy, shall not be held to preclude it from exercising any other right or remedy; all rights and remedies accruing to the Chargee are cumulative and not alternative.

Assignment by Chargee. The Chargor and each Guarantor, if any, acknowledges that this Charge (or security certificates backed by or representing any interest in this Charge or a pool of loans which includes this Charge) may be assigned by the Chargee to a third party or may be sold or securitized into the secondary market without restriction and without notice to or consent of the Chargor or any Guarantor. The Chargor and each Guarantor hereby irrevocably consents to the release and disclosure of any financial or other information concerning the Chargor, each Guarantor, the Property and the Loan in the course of any such assignment, sale or securitization.

Notices to Chargor. Any notice to or demand upon the Chargor shall be given or made at his ordinary place of business or usual residence set out on the Charge Form or at the address of such other place of business or usual residence or electronic address of which the Chargor shall have notified the Chargee in writing.

Place of Payment. All payments must be made at the place of business of the Chargee, in lawful money of Canada at 100 University Avenue, Suite 700, North Tower, Toronto, Ontario, Canada, M5J 1V6, or at such other place as the Chargee may from time to time indicate to the Chargor.

Joint and Several. Should the Loan be granted to several Persons, each of them is jointly and severally liable to the Chargee for all the Indebtedness and the performance of all the obligations under this Charge and the other Loan Documents. The same holds for all Persons who will assume the repayment of the Indebtedness and the performance of such obligations.

Severability. In the event that any provision of this Charge shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, such invalidity, illegality or unenforceability shall not affect any other provision hereof and this Charge shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

No Amendments and Waiver. No amendment to this Charge shall be valid or binding unless set forth in writing and agreed to by the Chargor and Chargee. No waiver of any breach of any provision of this Charge will be effective or binding unless made in writing and signed by the Chargee and, unless otherwise provided in the written waiver, will be limited to the specific breach waived. No delay or failure by the Chargee in the exercise of any right under this Charge or any other Loan Document shall operate as a waiver thereof.

Successors and Assigns. This Charge binds the Chargor, the Chargor's spouse (if such spouse is signing the Charge Form), the Guarantor and their respective heirs, personal representatives, successors, executors, administrators and assigns and any successor in title with respect to the Property. The rights hereby conferred upon the Chargee shall benefit the Chargee and its successors and assigns.

References to First National Financial LP. All references to First National Financial LP in this Charge and the other Loan Documents shall mean First National Financial LP or its successors or assigns, as the case may be.

Further Assurances. The Chargor agrees to execute such further assurances of title to the Property as may be required by the Chargee and to do all things and execute such additional documents as the Chargee reasonably requires to ensure that all Indebtedness and other obligations of the Chargor to the Chargee remain secured by this Charge, that this Charge has priority over any other claim, charge, mortgage, lien or other encumbrance on or against the

Property, except as may be otherwise agreed by the Chargee, and otherwise to give full effect to the intent of this Charge.

Conflicts Between Documents. If there is a conflict or inconsistency between any provision of this Charge and any other Loan Document, the Chargee shall be entitled to choose which provision will prevail.

Interpretation. The words "hereto", "hereof", "hereby", "hereunder" and similar expressions refer to the whole of this Charge and not to any particular paragraph or portion hereof and extend to and include any and every document supplemental or ancillary hereto or in implementation hereof. Words importing the masculine gender include the feminine and neuter genders and words in the singular include the plural, and vice-versa, where the context so requires. The headings do not form part of this document and have been inserted for convenience of reference only.

33. CASH-BACK PROMOTION

If the Chargor received a cash incentive (the "**Cash-Back Amount**") to enter into the Loan (and notwithstanding that the Interest Rate hereunder may be higher as a result thereof), then the Chargor will repay to the Chargee all or part of the Cash-Back Amount based on the formula hereinafter set out if any of the following events (the "**Triggering Events**") occur prior to the expiry of the original Term of this Charge:

(a) the Chargor sells the Property, prepays all or part of the Indebtedness, early renews or refinances this Charge or arranges for the assignment of this Charge to another chargee; or

(b) the Chargee accelerates prepayment of the Indebtedness because of a default by the Chargor.

The amount that the Chargor must repay (the "**Repayment Amount**") if any Triggering Event occurs will equal:

(c) except where the Triggering Event is the prepayment of only part of the Indebtedness, the Cash-Back Amount multiplied by the portion of the Term remaining at the time of occurrence of the Triggering Event (expressed in months) divided by the original Term (expressed in months); or

(d) if the Triggering Event is the prepayment of only part of the Indebtedness, the number arrived at by using the formula in (c) above multiplied by a fraction having as its numerator the amount of the partial prepayment and as its denominator the original Principal Amount of this Charge.

The Repayment Amount shall be payable forthwith upon the occurrence of the Triggering Event and if not so paid shall be added to the Indebtedness, shall bear interest at the Interest Rate and shall be secured by this Charge.

34. GUARANTEE

The Guarantor, in consideration of the making of the Loan to the Chargor and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby agrees as follows:

(a) that the Guarantor with the Chargor, as principal debtor and not as surety, will well and truly pay or cause to be paid the Indebtedness to the Chargee at the times and in the manner herein provided and appointed for the payment thereof;

(b) that he unconditionally guarantees full performance and discharge by the Chargor of all the obligations of the Chargor under the provisions of this Charge at the times and in the manner herein provided;

(c) that he will indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur or be or become liable for by reason of:

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(i) the failure for any reason whatsoever of the Chargor to pay the Indebtedness or to do and perform any other act, matter or thing pursuant to the provisions of this Charge; or

(ii) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the Indebtedness or the obtaining of performance by the Chargor or of any other Person liable hereunder of any other act, matter or thing pursuant to the provisions of this Charge.

and the foregoing indemnity shall survive the exercise of any rights and remedies of the Chargee hereunder including foreclosure and shall survive the repayment of the Indebtedness and/or the discharge of this Charge;

(d) that the Chargee shall not be obliged to proceed against the Chargor or any other Person liable hereunder or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor herein set out and that enforcement of such obligations may take place before, after or contemporaneously with enforcement of any debt or obligation of the Chargor or any other Person liable hereunder or the enforcement of any security for any such debt or obligation;

(e) that the Chargee may grant any extension of time for payment, increase the rate of interest payable under this Charge, renew or extend the term of this Charge, release the whole or any part of the Property or other security from this Charge or otherwise deal with the Chargor, all without in any way releasing the Guarantor from his covenant hereunder;

(f) that the Guarantor has read this Charge and the other Loan Documents and is fully aware of its terms and their terms and in particular the terms of this Section 34;

(g) that the Chargee, as it sees fit, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and all existing securities up to, and abstain from taking securities from or perfecting securities of, and may compromise, compound, and accept compositions from, and may otherwise deal with, the Chargor and all other Persons liable upon any collateral or other security which the Chargee may at any time hold, without notice to the Guarantor and without changing or in any way affecting the undertaking of the Guarantor hereunder; and

(h) that where there is more than one Guarantor, each Guarantor agrees with the Chargee to be jointly and severally responsible with all other Guarantors and the Chargor for all Indebtedness and obligations of the Chargor under this Charge and the other Loan Documents.

35. SEALED COVENANTS

Each Person signing this Charge (whether as a Chargor or a Guarantor) agrees that each promise and agreement made in this Charge shall be treated as if made by each of them respectively under seal.

36. ADDITIONAL PROVISIONS

Land Registration Reform Act. The covenants set out in Section 7(1) of the *Land Registration Reform Act*, R.S.O. 1990, c. L.4, as amended from time to time, are excluded from this Charge; and

Ontario New Home Warranties Plan Act. If the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c. O.31, as amended from time to time, applies to the Property, the Chargor agrees to comply with its requirements and to reimburse the Chargee on demand for any costs which the Chargee incurs in complying with it or enforcing the Chargor's rights on the Chargor's behalf if the Chargor fails to do so and such costs will be added to the Indebtedness and will bear interest at the Interest Rate and shall be secured by this Charge.

DATED the 21st day of November, 2008.

FIRST NATIONAL FINANCIAL GP CORPORATION

By:

Stephen Smith
President

I have authority to bind the Corporation

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200831 Code

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200832 Cote
Filing Date Dec. 2nd 2008 Date de Dépôt
Page 1 of/de 25 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

Filed by: CTC BANK OF CANADA

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing numbers, as provided in section 9 of the Act.

The following set of standard charge terms shall apply to electronic documents submitted for registration under Part III of the Land Registration Reform Act, R.S.O 1990, c. L. 4 as amended (the "**Land Registration Reform Act**") and shall be deemed to be included in every electronically registered charge in which this set of standard charge terms is referred to by its filing number, as provided in section 9 of the Land Registration Reform Act.

Any charge in an electronic format of which this set of standard charge terms forms a part by reference to the above noted filing number in such charge shall hereinafter be referred to as the "**Charge**". Whenever reference is made in this set of standard charge terms to the Charge it shall include this set of standard charge terms and all terms and provisions of this set of standard charge terms.

Any reference to the "**Computer Field**" in this Charge means a computer data entry field in a charge registered pursuant to Part III of the Land Registration Reform Act into which the terms and conditions of the Charge may be inserted.

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200832 Cote

1. SECURED OBLIGATIONS

The amount of principal money secured by the Charge is the amount indicated in the Computer Field of the Charge which is entitled "**Principal**" (the "**Principal Amount**") and any additional principal amounts advanced by the Chargee to the Chargor from time to time under the Charge ("**Additional Principal Amounts**"). The Principal Amount, Additional Principal Amounts and all interest thereon at the Charge Rate (as hereinafter defined) are referred to as the "**Secured Obligations**". The Chargee and the Chargor acknowledge that at any one time the aggregate amount of the principal amounts advanced under and secured by the Charge (being the aggregate of the initial advance or advances made by the Chargee, less the principal amounts repaid by the Chargor, plus the Additional Principal Amounts, if any) may not exceed the Principal Amount.

2. CHARGE

The charger or chargors indicated in the Computer Field of the Charge entitled "**Chargor**" (the "**Chargor**") charges the lands and premised indicated in the Computer Field of the Charge entitled "**Description**" (the "**Charged Premises**") with the payment to the chargee indicated in the Computer Field of the Charge entitled "**Chargee**" (the "**Chargee**") of the Secured Obligations upon the terms set out in the Charge.

3. INTEREST

(a) Floating Interest Rate

If the interest rate indicated in the Computer Field of the Charge entitled "**Interest Rate**" is based upon the Prime Rate, as hereinafter defined, the rate of interest chargeable on the Principal Amount and any Additional Principal Amounts is a rate equal to the Prime Rate per annum as the same will vary from time to time, plus the number of percentage points per annum, if any, indicated in the Computer Field of the Charge entitled "**Interest Rate**" (the "**Variable Interest Rate**") and shall be payable monthly, and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

The Variable Interest Rate will vary automatically, without notice to the Chargor, each time there is a change in the Prime Rate. The Variable Interest Rate will always be the Prime Rate plus the number of percentage points per annum, if any, indicated in the Computer Field of the Charge entitled "**Interest Rate**", payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge and both before and after default and judgment until paid.

"**Prime Rate**" means the annual rate of interest announced from time to time by the Chargee as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Chargee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of the Chargee setting forth the Prime Rate as at any time or times shall be deemed to be conclusive evidence as to the Prime Rate as set forth in the said certificate.

(b) Fixed Interest Rate

If the interest rate indicated in the Computer Field of the Charge entitled "**Interest Rate**" is a specified annual percentage not based on the Prime Rate (the "**Fixed Interest Rate**"), the rate of interest chargeable on the Principal Amount and any Additional Principal Amounts is that Fixed Interest Rate per annum, payable monthly, and calculated half-yearly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

(c) For the purposes of the Charge, the Fixed Interest Rate or the Variable Interest Rate, as the case may be, shall be hereinafter referred to as the "**Charge Rate**". Whenever reference is made to the "**Charge Rate**" it shall mean the rate of interest indicated in the Computer Field of the Charge which is entitled "**Rate**", and shall be calculated and payable as set out in the Charge.

4. DEFEASANCE

The provisions relating to defeasance contained in subsection 6(2) of the Land Registration Reform Act, are expressly excluded from the terms of the Charge.

Provided the Charge shall be void upon the Chargor paying to the Chargee the amount of the Secured Obligations, together with all costs, expenses and other charges to which the Chargor is entitled in lawful money of Canada in accordance with the provisions of this Charge.

5. COMPOUND INTEREST

It is agreed that upon the occurrence of an Event of Default, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity shall bear interest at the Charge Rate, and in case the interest and compound interest are not paid on the next payment date after the date of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due as well after as before maturity and so on from time to time and all such interest and compound interest shall be a charge upon the Charged Premises and shall be secured by the Charge.

6. NO PREPAYMENT

The Chargor shall have no right to prepay the loan secured by the Charge except as otherwise provided in the Charge.

7. TAXES

With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "**taxes**") chargeable against the Charged Premises, it is mutually agreed between the parties to the Charge that:

(a) The Chargee may deduct from the final advance of the monies secured by the Charge an amount sufficient to pay the taxes which have become or will become due and payable at the date of adjustment of interest referred to in the Charge and are unpaid at the date of such final advance.

(b) The Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.

(c) The Chargor shall, if directed by the Chargee, pay to the Chargee in monthly instalments on the dates on which instalments of principal and interest are payable hereunder, sums which in the sole opinion of the Chargee will be sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of the first instalment thereof.

(d) The Chargee agrees to apply such deduction and payments to the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained herein, but nothing herein contained shall obligate the Chargee to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any of the Secured Obligations as herein provided, the Chargee may apply such sum or sums in or towards payment of the principal and/or interest in default. The Chargor shall transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by him.

(e) The Chargee shall allow the Chargor interest on the average monthly balance standing in the Charge account from time to time to the credit of the Chargor for payment of taxes, at a rate per annum, and at such times, as the Chargee may determine in its sole discretion, and the Chargor shall be charged interest at the Charge Rate on the debit balance, if any, of taxes in the Charge account outstanding after payment of taxes by the Chargee until such debit balance is fully repaid.

8. COVENANTS IN LIEU OF STATUTORY COVENANTS

The covenants deemed to be included in a charge by subsection 7(1) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

The Chargor does hereby covenant, promise and agree to and with the Chargee as follows:

(a) To Pay and Observe Covenants

That the Chargor shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount with interest at the Charge Rate and any Additional Principal Amounts and interest thereon, at the times and in the manner limited for payment thereof in the Charge, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay and shall also pay all other sums as the Chargee may be entitled to under the Charge.

(b) For Good Title

That the Chargor, at the time of delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

(c) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee in the manner set out in the Charge.

(d) Quiet Possession on Default

That from and after default in the payment of the portion of the Secured Obligations then outstanding or the interest thereon, or any part thereof, or of any other amounts payable under the Charge, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances and of any other charges or encumbrances whatsoever.

(e) Further Assurances

That from and after default in the payment of the portion of the Secured Obligations, or any part therefor of any other amounts payable under the Charge or of or in the doing, observing, performing, fulfilling or keeping of some, one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in to or out of the Charged Premises, by, from, under or in trust for the Chargor shall and will, from time to time, and at all times thereafter, make, do, suffer and execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the lands described in the Charge or intended so to be, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise. The Chargor further covenants and agrees that there will be no subsequent encumbrances on the Charged Premises other than those consented to in writing by the Chargee.

(g) Compliance with Laws

That the Chargor will at all times observe and comply in all material respects with the provisions of all applicable laws, regulations, by-laws, ordinances and work orders of any lawful authority, whether federal, provincial, municipal or otherwise, including, without restriction, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, building construction, public health and safety, and of all private covenants and restrictions, affecting the Charged Premises or any portion thereof and will from time to time upon request of the Chargee, provide to the Chargee evidence of such observation and compliance.

(h) Compliance with Leases

That the Chargor will observe promptly, as lessor, the terms and conditions contained in any and all leases and/or subleases of any portion of the Charged Premises and that the Chargor will not accept any prepayment of rent or other monies payable under any such lease or proposed lease in excess of the first or final month's rent.

(i) Contiguous Property

That the Chargor will not acquire any real property which is contiguous to the Charged Premises without the written consent of the Chargee

9. INSURANCE

(a) The Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire and such insurable perils as are covered by an "**all risks**" policy and such other perils as the Chargee may require, to the full extent of their replacement cost, each and every building comprised in the Charged Premises and which may hereafter be erected thereon, both during construction and thereafter, in lawful money of Canada, with an insurance company duly authorized to carry on business as such and under a policy or policies satisfactory in form and content to the Chargee; and the policy or policies of insurance shall not contain co-insurance clauses and the Chargor will forthwith deliver to the Chargee certified copies of the policy or policies of insurance and all renewal receipts thereto appertaining. Without limiting the foregoing, such policy or policies shall include the following insurance coverage:

(i) "**All risks**" of direct physical loss or damage with respect to the Charged Premises and any personal property located thereon on a replacement cost basis with loss under each policy payable to the Chargee pursuant to the standard mortgage clause approved by the Insurance Bureau of Canada or otherwise approved by the Chargee, with preference in its favour over any claim of any other person; permission shall be granted thereby for the improvements to be vacant or unoccupied for a period of at least thirty (30) days and it shall provide for partial occupancy;

(ii) Comprehensive broad form boiler and machinery insurance including unfired pressure vessels insurance and air-conditioning equipment, if any, including repair and full replacement cost for amounts satisfactory to the Chargee with loss payable first to the Chargee by way of a charge clause approved by the Chargee;

(iii) Business interruption or rental loss insurance covering perils insured in paragraphs (a) and (b) above acceptable to the Chargee for an indemnity period of not less than twelve (12) months and with coverage of not less than 100% of the resulting loss of rents or loss of business income from the business conducted on the Charged Premises; and

(iv) Commercial general liability insurance, including personal injury, products, and completed operations subject to a limit per occurrence of not less than Two Million ($2,000,000.00) Dollars or such amount as the Chargee shall reasonably require, inclusive of bodily injury, death or property damage.

All cancellation clauses in the above referenced policies, including those contained in the mortgage clauses, are to provide for at least thirty (30) days prior written notice to the Chargee of such cancellation. Such policies shall also provide that the Chargee shall receive at least thirty (30) days prior written notice of any material alteration of such policy.

The Chargee shall be entitled to require coverage of such other risks and perils as the Chargee may from time to time consider advisable or desirable and in respect of which insurance coverage may be available. Should an insurer, at any time, cease to have the approval of the Chargee, the Chargor shall effect such new insurance as the Chargee may desire.

The Chargee is hereby irrevocably appointed by the Chargor as attorney of the Chargor to assign any policy of insurance in the event of the foreclosure of the Charge or other extinguishment of the indebtedness secured by the Charge.

The Chargor will not do or omit or cause or suffer anything to be done, omitted, caused or suffered whereby the policy or policies of insurance, as aforesaid, may be voided or become void; and the Chargor will pay all premiums and sums of money necessary for such purposes promptly as the same shall become due and will deliver evidence of renewal to the Chargee at least fifteen (15) days prior to the expiration of any policy of insurance; and, in the event of any breach of the foregoing covenants respecting insurance, the Chargee, without prejudice to its other rights under the Charge, may, at its option, effect such insurance to a value deemed, in the sole opinion of the Chargee, adequate to protect the Chargee's insurable interest and any amount paid therefor by the Chargee shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payment and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; provided that in no event shall the Chargee be liable for failure to have insurance placed or for any loss arising out of any defects in any policy, or for failure of an insurance company to pay for any loss or damage insured against.

Forthwith on the happening of any loss or damage, the Chargor will furnish at its own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a printed copy of the Charge shall be sufficient authority for the said insurance company to pay every such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee.

Any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part to the Secured Obligations or any part thereof whether due or not then due.

(b) If the Charged Premises are part of a Condominium the insurance provisions set out in this paragraph 9 (a) will not apply and the following will apply to the Charge:

> The Chargor or the Condominium Corporation or both of them will forthwith insure and during the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, earthquake, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor or the Condominium Corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts appertaining thereto and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policies of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on him by the Condominium Act, R.S.O 1990, c.C.26, as amended or replaced (the "**Condominium Act**") and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

10. FINANCIAL STATEMENTS

The Chargor further covenants with the Chargee to provide annually to the Chargee detailed financial statements of the income and expenses of the Charged Premises, including a current rent roll, for each calendar year as applicable. Such statements shall be prepared by a chartered accountant and shall be provided to the Chargee within sixty (60) days after the end of each calendar year or fiscal year of the Chargor, as applicable. In the event that the Chargor is a corporation, the Chargor shall provide to the Chargee audited financial statements within one hundred and twenty (120) days after each fiscal year-end of the Chargor for the duration of the term of the Charge. In the event that the Chargor is an individual, the Chargor shall provide to the Chargee a statement of net worth, a copy of current tax returns and a copy of Revenue Canada assessment notices, in each case by May 30 of each year during the term of the Charge.

11. RELEASE

And the Chargor has released, remised and forever quitted claim, and by these presents does release, remise, and for ever quit claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto, in and out of the Charged Premises and every part thereof, so as that the Chargor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Charged Premises or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

12. EVENTS OF DEFAULT

The occurrence of any of the following events will constitute an Event of Default:

(a) if the Chargor defaults in payment of the Secured Obligations when any such amounts are due;

(b) if the Chargor fails, or threatens to fail, to observe or perform any covenant, agreement, condition or obligation in Chargee's favour, whether or not herein contained;

(c) if any representation, warranty or statement made to the Chargee either by the Chargor or on the Chargor's behalf and whether or not combined herein or elsewhere, is not or ceases to be true;

(d) if the Chargor, or any other obligant to the Chargee, or any other person liable, in respect of any of the obligations due hereunder, ceases or threatens to cease to carry on the Chargor's business, or any material part thereof or to sell all or substantially all of the Chargor or its assets, or becomes insolvent or files a proposal, a notice of intention to file a proposal, or an assignment for the benefit of creditors under applicable bankruptcy or similar legislation, or if a petition is filed, an order is made, a resolution is passed, or any other step is taken for the Chargor, or such other person's, bankruptcy, liquidation, dissolution, winding-up or reorganization or for any arrangement or composition of the Chargor or its debts or any protection from the Chargor or its creditors;

(e) if any lien is registered against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days;

(f) if the Chargor is in default under any other charge of the Chargor's interest or under any indebtedness, or the Chargor permits to accelerate any indebtedness of the Chargor to any creditor other than the Chargee;

(g) if a receiver, trustee or similar official of any of the Chargor's assets or undertakings is appointed;

(h) if the Chargor is a corporation and any member or shareholder commences an action against the Chargor or gives notice of dissent to the Chargor in accordance with the provisions of any applicable legislation;

(i) the holder of any other charge on, or claim against, any of the Charged Premises does anything to enforce or realize on such charge or claim, or any execution, sequestration, or other process becomes enforceable against the Chargor, or if a distress, seizure or similar process is levied upon or exercised against any of the Charged Premises;

(j) if the lessor under any lease to the Chargor of any of the Charged Premises takes any step to or threatens to terminate such or otherwise exercise any of its remedies under such lease as a result of any default or alleged default by the Chargor under such lease;

(k) if any of the Charged Premises is destroyed, substantially damaged, expropriated, or designated or considered for designation as a contaminated site;

(l) if any permit, licence, certification, quota or order granted to or held by the Chargor is cancelled, reduced or revoked, or any order against the Chargor is enforced, with the effect of preventing the Chargor's business from being carried on for more than five days or materially adversely changing the condition (financial or otherwise) of the Chargor's business;

(m) if the Chargor sells, transfers, conveys, leases, assigns, releases, surrenders or otherwise disposes of or parts with possession of any of the Charged Premises or agrees to do so; or

(n) if the Chargor is in arrears of payment to any taxing authority;

(o) if the Chargor causes or allows hazardous materials to be brought upon the Charged Premises or incorporated into any of the Chargor's assets without Chargee's prior consent, or if the Chargor causes, permits or fails to remedy any environmental contamination upon, in or under the Charged Premises or fails to comply with any abatement or remediation order given by a responsible authority;

(p) if the Chargor uses any of the monies advanced hereunder for any purpose other than as declared to and agreed upon by the Chargee; or

(q) if the Chargee deems itself insecure or believes that the assets secured hereby are in danger of loss, damage or misuse.

13. SECURED OBLIGATIONS DUE ON DEFAULT

It is agreed by the Chargor and the Chargee that upon the occurrence of an Event of Default, then at the option of the Chargee, the portion of Secured Obligations then outstanding secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time in the Charge mentioned for payment of such Secured Obligations had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right so to call in the Secured Obligations and shall not be therefore debarred from asserting and exercising its right to call in the principal upon the happening of any future default or breach.

14. ENTRY AFTER EVENT OF DEFAULT AND POWER OF SALE

Provided that the Chargee, upon the occurrence of an Event of Default, may enter into possession of the Charged Premises or the lands and premises intended to be charged by the Charge and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it or they shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days written notice to the persons and in the manner prescribed by Part III of the Mortgages Act, R.S.O.1990, c.M.40, as amended (the "**Mortgages Act**"), may sell the Charged Premises or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser thereof, or as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default. In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable it is agreed that notice may be effectually given by leaving it with a grown-up person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by registered mail addressed to the Chargor at the Chargor's last known address and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges, and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured hereby otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for loss occasioned thereby, and in the case of a sale or lease under the Charge, the title of a purchaser or lessee created in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person damnified by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the lands, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing contained in this paragraph prejudice or diminish any other rights and remedies and powers of the Chargee or in the Charge contained or existing at law by virtue thereof. And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also in such event, at the request, cost and expense of the Chargor, transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the

Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge, that notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

15. RIGHT TO APPOINT A RECEIVER

Notwithstanding anything contained in the Charge, it is declared and agreed that any time and from time to time when there shall have occurred an Event of Default, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, but no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

(a) every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revoked by the Chargor) to:

- (i) collect the rents and profits from tenancies whether created before or after these presents;
- (ii) rent any portion of the Charged Premises which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;
- (iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including without limitation appliances and equipment necessary or desirable to render the Charged Premises operable or rentable and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and
- (iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

(b) The Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.

(c) The Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises.

(d) Every such receiver shall be deemed to be the agent or attorney of the Chargor and in no event the agent or attorney of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions.

(e) The appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises

(f) No such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver in respect of the Charged Premises or any part thereof and out of such monies so received every such receiver shall in the following order pay:

- (i) the remuneration of the receiver as aforesaid;
- (ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;
- (iii) interest, principal and other monies from time to time that may be or become charged upon the Charged Premises in priority to the Charge including taxes;
- (iv) to the Chargee all Secured Obligations, to be paid in such order as the Chargee in its discretion shall determine; and
- (v) and thereafter every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

(g) Save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature whether resulting in damages or not which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such receiver.

(i) The statutory declaration of an officer of the Chargee as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers provided for in the Charge and such dealing shall be deemed as regards such person to be valid and effectual.

(j) The rights and powers conferred by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

16. DISTRESS

Provided that and it is further stipulated, provided and agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of any of the Secured Obligations, including monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

17. CHARGOR'S QUIET POSSESSION UNTIL AN EVENT OF DEFAULT

Provided and it is agreed that until an Event of Default shall have occurred, it shall be lawful for the Chargor, peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

18. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties to the Charge that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount of the monies secured by the Charge, and that all advances are to be made in such manner at such times and in such amounts up to the Principal Amount as the Chargee, in its sole discretion, may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the Chargor's authorization of registration and the registration of the Charge or the advancement of any part of the Principal Amount, the Chargee is not bound to advance the full Principal Amount or any unadvanced portion thereof and the advance of the full Principal Amount and any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall take effect forthwith upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured hereby in the event of the whole or any balance of the Principal Amount not being advanced, the same to be charged by the Charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the Chargee's power of sale and all other remedies under the Charge or at law shall be exercisable.

19. FIXTURES

It is mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements, fixed or otherwise either on the date of delivery for registration of the Charge or thereafter put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, paving, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters, awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

20. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE

The Chargor hereby represents and warrants to the Chargee that:

(a) there is not in, on or about the Charged Premises any product or substance, or condition (including, without restriction, contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment or which is not being dealt with according to best recognized practices relating to the environment;

(b) to the best of the knowledge of the Chargor, no circumstance has existed on the Charged Premises or exists or has existed on any land adjacent to the Charged Premises which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;

(c) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Charged Premises; and

(d) the Charged Premises are being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

The Chargor hereby covenants and agrees with the Chargee as follows:

(a) the Chargor shall give to the Chargee immediate notice of any material change in circumstances in respect of the Charged Premises or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and

(b) the Chargor shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Charged Premises which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

The Chargor further covenants and agrees with the Chargee at all times promptly to observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, contaminants, wastes, hazardous or toxic materials, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor shall from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance and pay immediately when due the cost of removal of any such contaminants, wastes and materials, and shall at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Chargor shall cause its tenants, agents and invitees to comply with all the foregoing at their own expense.

The Chargor shall indemnify and hold harmless the Chargee (and its directors, officers, employees and agents) from and against all loss, cost, damage or expenses (including, without limitation, legal fees and costs incurred in the investigation, defense and settlement of any claim) due to the Chargor's failure to comply with any of the covenants and agreements in this clause, or due to the presence of any contaminant, waste, mould or hazardous or toxic material referred to in this clause, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Charged Premises.

21. CONDOMINIUMS

If the Charge is of a unit or units within a Condominium the following provisions shall apply:

(a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws, and the rules as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.

(b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as an owner of the Charged Premises and in the event of default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.

(c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

- (i) the Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;
- (ii) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor; and
- (iii) the exercise of the right to vote or consent shall not constitute the Chargee a chargee in possession.

(d) The Chargor covenants and agrees to advise the Condominium Corporation to send all notices to the Chargee and to notify the Chargee of any breaches by the Condominium Corporation that come to the attention of the Chargor, in order that the Chargee is kept fully informed.

22. SPOUSES'S CONSENT

The spouse of the Chargor, if so named in the Charge, hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

23. FAMILY LAW ACT

The Chargor covenants and agrees that forthwith after any change or happening affecting:

(a) the spousal status of the Chargor; or

(b) the qualification of the Charged Premises as a matrimonial home within the meaning of the Family Law Act, R.S.O. 1 990, c.F.3, as amended (the "**Family Law Act**"); or

(c) the ownership of the equity of redemption in the Charged Premises;

the Chargor will without request by the Chargee advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the Chargor and the owner or owners for the time being of the equity of redemption in the Charged Premises, and of any spouse who is not an owner but who has a right of possession in the Charged Premises by virtue of the said Family Law Act. In addition, the Chargor covenants and agrees to promptly furnish the Chargee with such evidence of such change or happening as the Chargee may from time to time request.

24. ASSIGNMENT OF RENTS

As additional security for the payment and performance of the Secured Obligations, Chargor hereby assigns to Chargor, all present and future rents, benefits and other monies payable from time to time ("**Assigned Rents**") under all existing and future lease of any of the Charged Premises ("**Assigned Leases**"), together with the benefit of all covenants, rights and agreements contained in the Assigned Leases and Chargor agrees as follows:

(a) to execute and deliver such further assignments, notices or other documents as may be required to render this assignment effective;

(b) Chargee is not obliged to collect any Assigned Rents, nor to comply with any covenant, agreement or term of any Assigned Lease;

(c) the tenants shall pay the Assigned Rents as Chargee may from time to time direct, and in the absence of direction, may pay them to Chargor;

(d) none of the Assigned Leases or your rights thereunder including the right to receive the Assigned Rents, has been or will be amended, assigned, encumbered, terminated, discounted or anticipated without Chargee's prior written consent;

(e) no tenant, sub-tenant, licensee or sub-licensee, as the case may be, may make, and Chargor may not accept, a prepayment of Assigned Rents without Chargee's prior written consent and where any such person under any Assigned Lease entered into prior to this Charge has a contractual right to prepay Assigned Rents, such prepayment will, if made, be paid to Chargee and applied as prepayment on the Principal Amount , Additional Principal Amounts, interest thereon at the Charge Rate or any of them, or held as security for the Principal Amount, as Chargee may determine, unless Chargee has, in writing, waived its right to receive such prepayment;

(f) there is no existing default in payment of Assigned Rents or otherwise under any of the Assigned Leases by any of the parties thereto and no outstanding dispute under any of the Assigned Leases;

(g) Chargor will observe and perform all of its obligations under each of the Assigned Leases and deliver to Chargee a true copy of each of the Assigned Leases upon demand;

(h) all Assigned Leases made hereafter will contain terms and conditions and be with tenants, sub-tenants, licensees or sub-licensees (as the case may be), which are not less favourable or desirable to Chargor than those which a prudent landlord would expect to receive for the premises to be leased or subleased. Without limiting the foregoing, each such lease shall contain a covenant by the tenant, in form satisfactory to Chargee, to attorn to us as tenant on demand made after occurrence of a default, for the balance of the term of the tenant's lease and on the same terms and conditions as are contained in the lease. The benefit of such covenant is and is hereby deemed to be assigned by Chargor to Chargee as additional and separate security to the other security created by the Charge including the Assignment of Rents and Assignment of Leases, for payment and performance of the Principal Amounts, the Additional Principal Amounts and interest thereon at the Charge Rate, and may be enforced by Chargee by demand as aforesaid. Chargee has no obligation, however, to enforce the covenant, nor shall Chargee's rights and remedies otherwise existing under the Charge or at law, including the Assignment of Rents and Assignment of Leases, be prejudiced by the taking, assignment or enforcement or non-enforcement of the covenant, except insofar as enforcement, if any, would be inconsistent with such other rights and remedies including Chargee's right to immediate vacant possession or to demand that the tenant attorn to us as a yearly tenant;

(i) nothing Chargee does pursuant to this paragraph will deem it to be a mortgagee in possession of the Charged Premises and Chargee need account only for such monies as it actually receive and Chargee is entitled to charge a reasonable collection fee against such receipts for the collection thereof; and

(j) Chargee may recover and apply Assigned Rents to such part of the Principal Amount, Additional Principal Amounts or interest thereon as may be then due and unpaid without accelerating due dates of the Principal Amount or any part thereof, or otherwise realizing on its security.

Provided that a discharge of this Charge will constitute a re-assignment to Chargor of all rights and benefits assigned to Chargee by this paragraph.

25. WASTE, VACANCY AND REPAIR

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee who, in accordance with paragraph 26 herein, may inspect, or may designate someone to inspect on the Chargee's behalf, the Charged Premises at any reasonable time or times to determine the status of repair and maintenance that may be required in respect of the Charged Premises, and will not permit or suffer them to become or remain vacant and that the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

26. ACCESS TO PROPERTY AND INSPECTION

The Chargee, its agents, employees, and independent contractors shall have the right at any reasonable time to enter upon the Charged Premises to fully inspect the interior and exterior of the Charged Premises and the financial status of the operation thereof, and where deemed necessary and/or advisable by the Chargee, and notwithstanding paragraph 17 hereof, to conduct investigations including intrusive testing and sampling on the Charged Premises for the purpose of determining the presence of or the potential for environmental contamination, and the reasonable cost of such inspection and investigations including any intrusive testing and sampling shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable by the Chargor to the Chargee forthwith on demand.

27. ALTERATIONS

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

28. PARKING AREA

The Chargor covenants and agrees that, where there is a parking area associated with the Charged Premises, the parking area shall not be used for any purpose other than for the parking of motorized vehicles, except with the prior written approval of the Chargee.

29. RESIDENTIAL RENTAL PROPERTY

Notwithstanding anything contained in the Charge to the contrary, if the Charged Premises is residential rental property then the Chargor represents and warrants that with respect to the Charged Premises, except as permitted under laws applicable to residential housing:

(a) no demolition, conversion, renovation, repair or severance has taken place with respect to any part of the Charged Premises;

(b) there have been no increases in the rental charged for any residential rental unit or units on the Charged Premises except in accordance with laws applicable to residential housing; and, as provided in laws applicable to residential housing:

(c) all rents charged with respect to the Charged Premises or any part thereof are lawful rents and all required rebates have been paid;

(d) all required filings have been made and were timely, accurate and complete; and, pursuant to laws applicable to residential housing:

(e) no applications, investigations or proceedings have been commenced or made; and

(f) there are no outstanding orders or decisions made by any ministry, board or commission with respect to the Charged Premises or any residential rental unit or units on the Charged Premises.

Before the first advance the Chargor agrees to provide a statutory declaration by the Chargor or by an officer/director of the Chargor where the Chargor is a corporation, that the above representations and warranties are true and correct. The Chargor agrees to deliver to the Chargee before the first advance all documents required to establish the legality of rents on the Charged Premises.

The Chargor hereby authorizes all government ministries, boards or commissions having jurisdiction over residential housing to release to the Chargee or to its solicitors any and all information contained in their files.

The Chargor further agrees to comply with the provisions of all laws applicable to residential housing during the term of the Charge. In the event of a breach of this covenant or in the event that any of the representations and warranties contained in this provision are false, the then outstanding portion of the Principal Amount, any Additional Principal Amounts and any accrued interest thereon shall, at the option of the Chargee, become immediately due and payable.

30. PROPERTY MANAGEMENT

The Chargor covenants and agrees that the Chargee may, at its option, require that the Chargor enter into an agreement with a professional independent property management firm (the "**Property Management Firm**") for the management of the Charged Premises. The selection of the Property Management Firm and the term of the agreement shall be subject to the approval of the Chargee. Where the Chargee has not instructed the Chargor to engage a Property Management Firm, the Chargor or, subject to the Chargee's approval, a corporation affiliated with the Chargor, shall manage the Charged Premises in accordance with the provisions of the Charge.

31. NON-MERGER

Provided and it is agreed, that the taking of a judgement or judgements on any of the covenants contained in the Charge shall not operate as a merger of the said covenant or affect the Chargee's right to interest at the rate and times provided in the Charge, and further that said judgement shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in the Charge until the said judgement shall have been fully paid and satisfied.

32. RIGHTS ON DEFAULT

And the Chargor covenants and agrees with the Chargee that in the Event of Default of any payment of the Secured Obligations or any other monies payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement contained in the Charge after all or any part of the monies secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for remediation to bring the Charged Premises into compliance with recognized environmental standards, statutory or otherwise, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable by the Chargor to the Chargee, and shall be a charge upon the Charged Premises prior to all claims thereon subsequent to the Charge and shall bear interest at the Charge Rate until paid.

33. OBLIGATIONS SURVIVE SALE

Provided further that no sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the monies secured by the Charge.

34. PRIOR ENCUMBRANCES

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge now existing or existing after the date of the Charge, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and his client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with or to realize the security of the Charge, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under the Charge by the Chargee shall be added to the debt secured by the Charge as an Additional Principal Amount and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in paragraph 12 (a) and shall entitle the Chargee to exercise the power of sale and all other remedies given by the Charge. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

35. EXTENSIONS

It is agreed that no extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor or any other person liable for the payment of the monies secured by the Charge.

36. RENEWAL

Without prejudice to any rights of the Chargee against the Chargor or any other persons liable for the payment of the monies secured by the Charge, the Charge may be renewed or extended by an agreement in writing at or before maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain priority of the Charge so altered over any instrument registered subsequently to the Charge provided, however, that the Chargee may at any time, at its option, register a notice of such renewal or extension agreement and the Chargor shall execute any authorizations or further documents required in order to effect such registration. In the event a charge renewal or extension agreement is sent to the Chargor but the Chargor does not sign and return the charge renewal or extension agreement to the Chargee by the Balance Due Date of the Charge, the Charge may, at the option of the Chargee, be automatically renewed on the terms contained in the charge renewal or extension agreement.

37. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the monies secured by the Charge within which to prepare and register a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation and registration of such discharge and assignment shall be borne by the Chargor.

38. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge either concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon this or any other such security.

Without limiting the generality of the foregoing, the Charge is in addition to, and not in substitution for, any other charges now or hereafter held by the Chargee over the Charged Premises as security for monies secured under the Charge or any other monies due to the

Chargee. It is understood and agreed that the aggregate of principal amounts secured by the Charge and any such other charges shall be the aggregate of the Principal Amount of the Charge and the principal amounts secured under any such other charges.

39. GUARANTOR

If a party is named as a Guarantor (the "Guarantor"), in the Charge or a schedule thereto, the Guarantor on behalf of himself, his executors, administrators, successors and assigns, in consideration of the advance in whole or in part of the monies secured by the Charge does hereby covenant, promise and agree as principal debtor and not as surety to and with the Chargee, its successors and assigns, that he will well and truly pay, or cause to be paid unto the Chargee, its successors and assigns, the said Secured Obligations, at the days and times, and in the manner in the Charge limited and provided for payment thereof, and shall and will in everything, well and truly do, observe, fulfil and keep all and singular the covenants, provisos, conditions, agreements and stipulations in the Charge, particularly set forth, according to the true intent and meaning thereof, and shall and will abide by and submit to and do hereby agree to all conditions, provisos and stipulations in the Charge on the part of the Chargor set forth, and these covenants shall be binding notwithstanding the giving of time for payment of the Charge, the varying of terms of payment thereof or the rate of interest thereon or the renewal of the Charge, and if there are more than one Guarantor this covenant shall bind them jointly as well as severally and shall continue to subsist notwithstanding the death of one or more of such Guarantors. The Guarantor agrees that the Chargee may at any time and from time to time and without notice to, or any consent or concurrence by the Guarantor, make any settlement, extension or variation in or renewal of the terms of the Charge or take or surrender any security and no such thing done by the Chargee nor any carelessness or neglect by the Chargee in asserting its rights nor any other thing whatsoever, including, without in any way limiting the generality of the foregoing, the loss by operation of law of any right of the Chargee against the Chargor or the loss by any means of any security shall in any way release or diminish the liability of the Guarantor under the Charge, so long as any moneys expressed by the Charge to be payable remain unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid and the Guarantor agrees that the Chargee shall not be obligated to proceed against the Chargor or to enforce or exhaust any security before proceeding to enforce the obligations of the Guarantor set out in the Charge and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor or the enforcement of any security for any such debt or obligation.

40. PLACE OF PAYMENT

Provided that all payments secured by the Charge shall be made at the branch or unit of the Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

41. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or other applicable law, or would by reason of the provisions of any such statute or regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the advances secured by the Charge which it would otherwise be able to collect under such statute or regulation or other applicable law, then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

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42. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee, no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

43. CHARGEE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith and of any amendment, renewal or extension thereof and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any monies payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a solicitor and client basis, costs and expenses and expenses in valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge against third parties. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge.

44. EXPROPRIATION

In the event of any expropriation affecting the whole or part of the Charged Premises, the Chargor agrees that the proceeds from the expropriation shall be paid to the Chargee in priority to the claims of any other party.

45. TAX ON LOAN

The Chargor shall pay to the Chargee on demand the amount of any taxes (other than the Chargee's income taxes) which may be imposed upon or in respect of the Secured Obligations and which the Chargee may be called upon to pay, together with interest from the date on which such taxes are paid by the Chargee at the Charge Rate and compounded in the manner provided in paragraph 5.

46. COMMITMENT LETTER

The provisions set forth in any loan agreement or loan commitment between the Chargor and the Chargee in respect of the Charge will not merge with the Charge but shall survive the registration of the Charge unless otherwise expressly provided.

47. INTERPRETATION

It is hereby agreed and declared that the expression "**the Chargor**" used in these standard charge terms and the Charge shall include the heirs, personal representatives, executors, administrators, successors and assigns of each and every Chargor and the expression "**the Chargee**" shall include the successors and assigns of the Chargee and (if the Charge affects a Condominum) the expression "**Condominium Corporation**" shall mean the Condominium Corporation referred to in the description and the expression "**Declaration**" shall mean the declaration registered in connection with the Condominium Corporation and the words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, executors, personal representatives, administrators, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things hereby secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor herein contained or implied are and are to be construed as both joint and several.

48. PARAGRAPH HEADINGS

The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

49. DATE OF CHARGE

The Charge unless otherwise specifically provided shall be deemed to be dated as of the date of delivery for registration of the Charge.

50. EFFECT OF DELIVERY

The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and any other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

51. RECEIPT

The Chargor(s) hereby acknowledges receipt of a true copy of the Charge and the foregoing Standard Charge Terms before signing the Charge.

DATED the ________ day of ____________________, ____________.

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

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The Guarantor(s) hereby acknowledges receipt of a true copy of the Charge and the foregoing Standard Charge Terms before signing the Charge.

DATED the ____ day of ____________, ______

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

Per: ______________________________
Name:
Title:

Dated the 25th day of November, 2008.

CTC BANK OF CANADA
by its solicitors,
Blaney McMurtry LLP

____
John Papadakis

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DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

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Ontario
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Consumer General Collateral Mortgage Standard Charge Terms

Land Registration Reform Act

Filed By:	Canadian Imperial Bank of Commerce
Filing Number:	
Filing Date:	

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. Definitions

This section defines specific terms you will find in this set of Standard Charge Terms:

Mortgage means:

- the Charge/Mortgage of Land, which is the part of this mortgage that is or will be registered against the title to your property;
- any schedules that are attached to the Charge/Mortgage of Land; and
- this set of Standard Charge Terms.

You and **your** mean each person who has signed this mortgage as a borrower. This includes the personal and legal representatives of each person.

We, us, and **our** mean Canadian Imperial Bank of Commerce.

Your property means the land described on the Charge/Mortgage of Land. This includes all buildings and structures on the land now or added later, as well as anything attached to the land or any building or structure on the land now or added later. Under this mortgage, your property also includes any improvements, substitutions, additions or alterations made to any building, structure or the land during the period this mortgage is in effect. If your property is a condominium unit, your property includes your interest in the common elements and any other interest that you may have in the assets of the condominium corporation. Any references to your property mean all or any part of your property.

Principal amount means the amount of money identified as the principal amount on the Charge/Mortgage of Land.

Costs mean all amounts, in addition to the principal amount and interest on the principal amount, that you must pay under this mortgage or under any agreement. Costs include any interest on these amounts that you owe us.

Debt means the amount of money you owe us at any given time, regardless of when or how that obligation occurred. It includes **all** amounts of money you either owe us now or will owe us in the future. You can be liable for debt in many ways, including:

- dealing directly with us, such as signing an agreement with us or borrowing money from us;
- through your agreements with others where we become your creditor; or
- as borrower of the principal amount of another loan.

The debt can include unpaid principal, interest on unpaid principal, defaulted payments, interest on defaulted payments, other costs and interest on other costs.

Agreement means any agreement, note, guarantee, or other document between you and us that relates to the debt. It also includes changes to these documents and any replacement to any of the documents.

Interest Adjustment Date means the date identified as the interest adjustment date on the Charge/Mortgage of Land. If there is no Interest Adjustment Date identified on the form, the Interest Adjustment Date is the date you sign this mortgage.

CIBC Prime Rate means the annual variable reference rate of interest that the Canadian Imperial Bank of Commerce (CIBC) declares from time to time as its prime rate for Canadian dollar loans made by CIBC in Canada. The CIBC Prime Rate can change at any time.

Taxes means all taxes, assessments and levies of any kind and includes any interest and penalties. Examples of taxes include property taxes, local improvement assessments, school taxes and development charges. Taxes could also include penalties or costs associated with a cleanup following a fire, explosion or other destruction or damage.

Lien means a claim by a person or corporation or government authority against property belonging to another person until a debt owed by that person is totally paid. A lien can take many forms such as a mortgage, charge, assignment, security interest, judgment or attachment.

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2. What this mortgage does

By signing the Charge/Mortgage of Land, you charge your entire interest in your property, both present and future, to us. Your interest in your property is security to us for repayment of the debt and your performance of all your obligations under this mortgage or any agreement.

You agree to pay the debt as required by this mortgage and all agreements, and to meet all of your obligations under this mortgage and under all agreements. You agree to make all payments required by this mortgage and all agreements in full, without delay, without making any set off, abatement, counterclaim or deductions, and without withholding any amounts. You agree not to cancel, offset or reduce any payments that you have made or that you are required to make by this mortgage or by any of the agreements.

2.1 Your interest in your property

If you own your property, you certify that you are the lawful owner of your property and have a right to give us this mortgage.

If you are a tenant or you are leasing your property, you charge your entire interest in your property to us for the entire term of the lease (except the last day) including any renewals, and your interest in your property includes any option or right of refusal to purchase. You certify that:

- your property is leased to you under a valid lease, and you have given us a copy of the lease; and
- you have the right to mortgage your interest in the leased property to us.

In all cases, you also certify that there are no liens affecting your interest in your property, except those that have been registered in the land registry office where this mortgage is registered or liens approved by us in writing. An example of a lien would be another mortgage.

You also certify that building and zoning by-laws for the property have been complied with.

You also agree that you will sign any other document or do what is necessary, in our opinion, to make sure that all of your interest in your property has been fully charged to us so that the debt is adequately secured. You will be responsible for any costs associated with obtaining these documents, taking any actions we require, and proving that your interest in your property has been charged to us.

2.2 Who is obligated by this mortgage

The obligations under this mortgage are the collective and individual responsibility of each person who signed it. This means that each borrower is responsible for meeting all obligations in this mortgage or any agreement and paying the entire debt, even if others have also signed this mortgage.

In addition, your legal and personal representatives and anyone else to whom your property is transferred must meet the obligations in this mortgage. Anyone to whom we transfer this mortgage is also obligated by this mortgage.

You will continue to be obligated under this mortgage even if your property is transferred or there are changes to this mortgage or any of the agreements.

2.3 Maximum amount secured

The maximum amount secured under this mortgage is the total of:

- the principal amount;
- interest on the principal amount;
- costs;
- interest on unpaid costs; and
- interest on unpaid interest.

The debt may be more than the maximum amount secured.

2.4 Continuing security

This mortgage is continuing security for the debt.

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This mortgage is not affected by any of the following events:

- any change in the amount or type of debt;
- any change in any accounts related to the debt;
- any change in any agreement; or
- the reduction of the debt to zero at any particular time.

Even if one or more of these events occurs, this mortgage will still be in effect and will not be considered to be discharged.

2.5 *Additional security*

This mortgage is in addition to any other security that we may hold now or in the future for any part of the debt. It does not replace any security that we may hold now or in the future for any part of the debt.

If we obtain a judgment against you, we will be able to rely on our rights under both the judgment and this mortgage. The judgment will not affect any other security we may have. We will be entitled to interest on any judgment at the interest rate shown on the Charge/Mortgage of Land until we are fully paid.

This mortgage does not prevent us from using other means to obtain repayment of the debt.

2.6 *Securing more than one obligation*

This mortgage may secure more than one obligation to us. The interest rate and other terms of the obligations that are included in the relevant agreement are not changed or affected by this mortgage.

2.7 *Making material changes*

Any agreement to make material changes to the mortgage terms and conditions will apply to every person who signed the Charge/Mortgage of Land as well as to those who agree to the changes in writing. This applies even if all persons who signed the Charge/Mortgage of Land do not agree to the changes in writing, or are not advised of the changes. Examples of these changes include extensions of the time for payments, changes in the interest rate and renewals or extensions of the term of this mortgage.

3. Interest

The interest rate you pay on any part of the debt will be the rate stated in the agreement you sign that relates to that part of the debt. Interest will be calculated as stated in the relevant agreement. If the agreement does not set out an interest rate or a calculation method, then interest will be calculated based on CIBC Prime Rate plus six (6) % per year calculated semi-annually not in advance. Interest on overdue interest will be calculated at the same rate.

Interest is payable on the debt until it has been paid, both before and after demand, before and after default, and before and after we obtain any court judgment against you.

For purposes of calculating interest, a year is always 365 days, even in a leap year.

4. Costs

You must pay us, when we demand, all of our costs related to this mortgage, your property, or any agreement. These amounts are payable immediately to us. You must pay interest on these costs from the date they are paid by us until you repay them.

If you do not pay them, we may declare you in default on this mortgage. We may also add these amounts to the debt and charge you interest on them until you repay them.

You must pay us these costs even if we have not advanced you any money under this mortgage or any agreement.

Examples of these costs include:

- investigating the title to your property;
- preparing, signing and registering this mortgage and any related documents;
- lawyer's fees and disbursements, charged on a "substantial indemnity" basis;

- appraising, inspecting, protecting, repairing, or insuring your property;
- enforcing any of our rights (including taking possession of your property) under this mortgage;
- preparing your property for sale or lease and selling or leasing it; and
- legal expenses, expenses of our agents, and any other costs of protecting our rights, including a reasonable allowance for the time and services of our employees.

5. Payments

5.1 Demand for payment

You will pay us the debt when we demand that it be paid. We will not demand repayment of the debt unless:

- we have the right to demand repayment under this mortgage or any agreement, or
- you are in default on this mortgage or any agreement.

Any demand for repayment of the debt will be done in writing. We will either deliver this notice to you personally, or mail it to you by first class mail to the most recent address we have on file for you. It will be considered to be received by you on the earlier of the following dates:

- the date it is delivered to you, or
- the fifth day after we mail it.

5.2 How we apply money we receive from you

Unless we have signed an agreement stating otherwise, we will apply any money we receive to reduce the debt in any way we see fit.

If the debt is more than the amount secured by this mortgage, we may decide what part of the debt is secured by this mortgage.

5.3 Prepaying the debt

You may only prepay a part of the debt if it is allowed by a written agreement that relates to that part of the debt. If prepayment is allowed, the terms and conditions related to prepayment will be found in the relevant agreement.

5.4 Date of this mortgage

You agree that only for purposes of defining the date of this mortgage for any statutory right of prepayment, the date of this mortgage is the interest adjustment date. This is the case even if this mortgage was signed on a different date.

5.5 Missed payments

If you do not make a payment as required by this mortgage or any agreement, we are not obligated to accept subsequent payments.

5.6 Demand to repay the total debt

We may require you to repay the total debt immediately if one of the following events occurs:

- you do not make any payment as required by this mortgage or any agreement;
- you do not meet one of your obligations under this mortgage or any agreement;
- you do not make a payment required for money borrowed from someone other than us;
- any statement that you make or you have made to us relating to your property, this mortgage, any agreement, the debt, or your financial situation is not true at the time it is made;
- a lien or a notice of lien is registered against your property without our prior written consent;
- you sell, transfer, lease or mortgage your property;

- you allow your property to become vacant or you abandon your property;
- the use of any part of your property changes without our prior written consent;
- you are a partnership and there is a change in membership of the partnership or the partnership is dissolved;
- you become insolvent, you declare bankruptcy or you make a proposal in bankruptcy;
- you assign your property to other creditors;
- any proceedings are begun by you or by others against you that affect your property, other assets, or debts under any law relating to bankruptcy, insolvency, reorganization, arrangements, or relief of debtors;
- you are declared bankrupt or a receiver (including a receiver and manager), trustee, custodian or other similar official is appointed for you or for any part of your property; or
- a power of sale or foreclosure has begun against all or any part of your property.

If any one of the circumstances listed above occurs, you are not meeting your obligations under this mortgage.

If we demand repayment of the debt in any of these circumstances, it will not affect our right to demand payment in any other circumstances covered by this mortgage or any agreement and will not affect any of our other rights under this mortgage or any agreement.

6. Your obligations related to your property

6.1 Protecting your title and our interest

You will take any necessary action to protect your title to your property. You also agree not to interfere with our interest in your property.

6.2 If you are a tenant or a lessee of your property

If you are a tenant or a lessee of your property, you certify all of the following to us, and you agree that:

- Your property is leased to you under a valid lease, and that you have given us a complete copy of your lease, and that you have good leasehold title to your property.
- All rents and other amounts payable under your lease have been paid up to the date you sign this mortgage.
- You have met all of your obligations under your lease up to the date you sign this mortgage.
- Your landlord, or the person leasing your property to you, has agreed that you may mortgage your interest in your property to us. If we ask you to, you will provide us with evidence that you have this consent, or that you have the right to mortgage your interest in your property without the consent of your landlord or the person who leases your property to you. The evidence must be in writing and it must be satisfactory to us.
- There are no liens or limitations on your interest in your lease except those identified in your lease, or registered against the title to your property, or contained in building and zoning by-laws.
- You and your landlord, or the person leasing your property to you, have complied with all restrictions registered against the title to your property, and with all building and zoning by-laws.
- You will pay all rent and all other payments required by your lease when they are due.
- You will meet all of your obligations under your lease.
- You will not surrender your lease or cause your lease to be terminated.
- You will not make any change in your lease without first obtaining our written consent.
- You will give us a copy of any notice, demand or request that you receive relating to your lease. You must give this to us immediately after you receive it.
- You will sign any other document or take any further action that we think is necessary, to ensure that your interest in your property and in your lease has been

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fully charged to us and that the debt is adequately secured. You will pay all costs and charges related to doing so.

- You will protect and indemnify us from all actions, claims, costs and demands if you default on your lease.
- You will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for us. You will only deal with your property on the last day in the way that we require.
- At our request, you will transfer to us the last day of the term of your lease, and the last day of any renewal term of your lease. You must pay all expenses related to this transfer.
- If we enforce our rights under this mortgage, including selling your property under power of sale, then you will hold the last day of the term of your lease, and the last day of any renewal term of your lease, in trust for any person to whom we sell your interest in your property, including that person's legal and personal representatives and successors. We may remove you or anyone else as trustee of the trust and appoint one or more trustees.
- You appoint us as your attorney so that we may assign your lease and the last day of the term of your lease and the last day of any renewal term of your lease on your behalf and in your name. You also appoint us as your attorney so that we may transfer your interest in your property as required to enforce any of our rights under this mortgage, including our right to sell your property under power of sale.

6.3 Demolition and alterations

You will not demolish any building or structure, or part of any building or structure, on your property without first obtaining our written approval.

You will not make any substantial alterations, additions or improvements to your property without first obtaining our written approval of your proposed plans for these changes.

If we agree to let you make alterations, additions or improvements to your property, the following conditions apply:

- The work must be completed as quickly as is reasonably possible.
- The work must meet all government requirements and zoning and building, by-laws and other standards that apply to your property. If we ask you to, you will give us proof that the work meets all government requirements and building standards.
- You will pay all costs associated with the work, and you will provide us with proof that all amounts that are owed for the work have been paid.
- You must retain all required holdbacks, unless we choose to do so.
- We may obtain an order removing any construction lien. If we think it is necessary, we may provide financial guarantees or other security to obtain this order. You must pay to us immediately **all** of our charges, costs and expenses related to this. If you do not, we will add these to the debt.

We may make advances to you under this mortgage based on the progress in completing improvements. Any improvements will form part of your property and be covered by this mortgage.

6.4 Insurance (does not apply if your property is a condominium unit)

You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than full replacement value in Canadian dollars. You must keep this insurance coverage in place at all times until this mortgage has been discharged.

Your insurance must include coverage for loss or damage caused by fire with extended perils coverage. At any time, we may require that you also obtain coverage for additional perils, risks or events. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable equipment is operated on your property, then you must also have insurance coverage for loss or damage caused to the equipment, or by the equipment, or by the explosion of the equipment.

If we ask you to, you must provide us with certified copies of all insurance policies. At least 15 days before any insurance policy expires, you must provide us with evidence that you have renewed the policy. All insurance policies must remain in effect until this mortgage has been discharged. All insurance policies must:

- be with a company that is satisfactory to us;
- contain mortgage clauses approved by the Insurance Bureau of Canada, or by us, confirming that any loss proceeds will be paid first to us; and
- give us the first right to receive and to have a lien on the loss proceeds.

If you do not arrange for insurance or if you do not pay the premium for any insurance policy, we may arrange for insurance and pay the premium. However, we are not obligated to do this. If we pay any insurance premium or other amount of money for insurance on your behalf, you must repay us immediately. If you do not, we will add the amount to the debt and charge you interest on the amount at the interest rate shown on the Charge/Mortgage of Land, until you pay us that amount.

If any loss or damage occurs, you must immediately do everything necessary to enable us to obtain the insurance money. You must pay all expenses related to this. You agree that if we produce this mortgage, that will be sufficient authority for the insurance company to pay us any insurance money that arises because of a loss. By signing this mortgage, you authorize and direct the insurance company to do so. We may use part or all of the insurance money to:

- repair or rebuild your property;
- reduce any part of the debt, whether it is due or not; or
- pay you to be used by you to repair or rebuild the property.

We have the right to decide how to use the insurance money.

6.5 Taxes

You will pay all taxes, liens and other claims relating to the property when they are due. If you do not, we may pay them, but we do not have to. If we pay them, you must repay these amounts to us immediately, together with interest and any costs we incur. If you do not pay these amounts, we will add them to the debt and charge interest at the rate set out in the Charge/Mortgage of Land.

6.6 Repairs

You must keep your property in good condition and in a good state of repair.

You must carry out all necessary repairs and you must not do anything, or let anyone else do anything, that lowers the value of your property.

You must also comply with every present and future law, by-law, ordinance, regulation and order that affects the condition, repair, use or occupation of your property.

You authorize us to enter your property at all reasonable times to inspect and repair your property. By entering your property to inspect it or do repairs, we are not becoming a mortgagee in possession of your property.

We can make any repairs we think are necessary if, in our opinion:

- you do not keep your property in good condition and a good state of repair;
- you do not carry out all necessary repairs, or you do anything, or you allow anything to happen, that lowers the value of your property; or
- you do not comply with all present and future laws, by-laws, ordinances, regulations and orders that affect the condition, repair, use or occupation of your property.

You are responsible for the costs of any repairs and any inspections. You must pay us these costs immediately. If you do not pay these costs immediately, we will add the costs to the debt. If we add the costs to the debt interest will be charged on these costs at the interest rate shown on the Charge/Mortgage of Land until you pay these costs to us.

6.7 Hazardous or illegal substances, environmental regulations, and illegal activities

You certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property (or any land next to your property) is, or has ever been, or will in the future be, used to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances, except as allowed by laws, regulations and orders. You may not use your property to manufacture, refine, handle, treat, store, dispose of or in any other way deal with any hazardous or illegal substances as allowed by laws, regulations and orders, unless you have first notified us in writing that you intend to do so, and you have received our written approval.

You also certify that you have made reasonable investigations and enquiries and that, to the best of your knowledge, no part of your property now contains, nor has it ever contained, nor will it contain in the future, any hazardous or illegal substance that may lower the value of your property or negatively affect the marketability of your property.

You certify that no part of your property is or will be used for any illegal purpose, including as a brothel, a gaming house, or for the cultivation or processing of marijuana or other illegal substances.

At any time we may require you to obtain an environmental audit of all or any part of your property. However, we do not have to do so. If we do, you are responsible for all of the costs associated with conducting the environmental audit. The audit must be satisfactory to us. Any environmental audit will not relieve you from your obligations under this section. We can require as many environmental audits as we think necessary.

We, or our agents, may enter and inspect your property and conduct any environmental testing, site assessment, investigation or study that we consider necessary. You are responsible for the costs of this testing, assessment, investigation or study, including interest at the interest rate shown on the Charge/Mortgage of Land. You must pay us these costs, including interest, immediately.

If hazardous or illegal substances are found on your property, regardless of the source or cause, you must immediately carry out all work required to remove the hazardous or illegal substances from your property and repair the damage to your property. The plans and proposals for doing the work and repairs must have been prepared in consultation with us and have been approved, in writing, by us in advance. When the work is completed, you must provide us with confirmation in writing that the work is completed. This confirmation must be in a form acceptable to us. You are responsible for all of the costs associated with this work, including providing evidence that the work has been completed.

If you fail to meet one or more of your obligations under this section, you agree that we may do all or any part of the work we feel is necessary. However, we are not obligated to do so. If we do, you will be responsible for **all** of the costs associated with this. You must pay us these costs immediately. If you do not, we will add these costs to the debt. If we add these costs to the debt, interest will be charged at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

In all cases, you will protect and indemnify us against all actions, claims, lawsuits, costs or other demands relating to hazardous substances or illegal substances on your property, and any breach of your obligations under this section.

If we enforce our rights under this section, we will not be considered to have taken possession, management or control of your property. This also applies to our agents.

6.8 Ontario New Home Warranties Plan Act

If the *Ontario New Home Warranties Plan Act* applies to your property, you agree to meet all of its requirements. You also agree to reimburse us for any costs that we incur in meeting your obligations or enforcing your rights on your behalf, if we choose to do so. You must pay us these costs immediately. If you do not, we will add these costs to the debt. If we add these costs to the debt, interest will be charged at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

7. Condominium (applies only to property that is a condominium unit)

7.1 Compliance with the Condominium Act, 1998

You will meet all of the requirements of the *Condominium Act, 1998* and the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

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7.2 *Payment of amounts and common expenses*

You will pay all amounts required by the *Condominium Act, 1998* and by the declaration and by-laws of the condominium corporation on or before they are due. You must also pay common expenses and any other amounts charged by the condominium corporation. If we ask, you must give us proof that you have paid all of these amounts.

If you do not pay any amounts that you are obligated to pay, we may do so on your behalf. If we do, you must reimburse us immediately for these payments. If you do not, we may declare that you are in default on this mortgage, or add these amounts to the debt, or do both. If we add these amounts to the debt, interest will be charged at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

7.3 *Notices and demands*

You will mail to us by prepaid registered mail, or deliver to us, copies of all communications related to your unit or the common elements of the condominium corporation, including:

- notices;
- assessments;
- claims or demands for payment;
- new rules or regulations;
- requests or demands of us to consent to any matter; and
- every other communication relating to your unit or to the common elements of the condominium corporation.

You must ensure that we receive these communications at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

7.4 *Voting rights*

You authorize us to do the following in your name and on your behalf:

- exercise your right to vote at any meeting of the condominium corporation; and
- consent to any matter relevant to the management, sale or other dealings with your property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation's property or to your property.

We can do this whether or not you are in default.

We may decide not to use our rights to vote or consent. If we decide not to use these rights, we may notify the condominium corporation, in which case you may vote or consent yourself. Our decision not to vote or consent can be for a limited time or for a particular meeting or matter.

When we do vote or consent for you, we do not become a mortgagee in possession, nor are we responsible to protect your interests nor for the way we vote or consent. We are also not responsible if we do not vote or consent.

7.5 *Acceleration of repayment of the debt*

At our option, the debt will become payable immediately if:

- government of the condominium corporation's property by the *Condominium Act, 1998* is terminated;
- a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;
- the condominium corporation fails to meet the requirements of the *Condominium Act, 1998*, its declaration, by-laws, rules and regulations;
- the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement value;
- the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair, or

- the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have, or fails to do all that is necessary to collect insurance proceeds.

7.6 *Insurance*

Under the *Condominium Act, 1998*, the condominium corporation must have appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against additional risks as we may require. We have the right to approve the insurance company or companies.

You and the condominium corporation assign and transfer the policy or policies of insurance and any payments under them to us. If we ask for them, you must give us certified copies of every insurance policy.

If you or the condominium corporation fail to keep the buildings and improvements insured or do not provide us with evidence of renewal at least fifteen days before the termination of any insurance we may obtain insurance for the buildings or improvements. However we are not obligated to do this. Any premiums or money which we pay for insurance will be immediately payable by you to us. If you do not pay them, we may add this amount to the debt. If we add this amount to the debt, we will charge interest on the amount at the interest rate shown on the Charge/Mortgage of Land until it is repaid.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance money. We may use all or any part of the proceeds to do any one or more of the following, as permitted by law:

- repair the damage;
- pay you; or
- reduce any part of the debt whether or not it is due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation.

You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation comply with these terms.

8. Our rights

8.1 *We are under no obligation to make advances to you under this mortgage or any agreement*

We may, for any reason, decide not to advance you money under this mortgage or any agreement, even if:

- you have signed this mortgage or any agreement;
- this mortgage has been registered; or
- we have already advanced money under this mortgage or any agreement.

8.2 *Releasing your property from this mortgage*

We may release our interest in all or part of your property, whether or not we receive any value for doing so. We will be accountable to you only for money that we actually receive.

If we release our interest in only part of your property, the remainder of your property will continue to secure the debt, up to the amount secured. The maximum amount secured under this mortgage is the total of:

- the principal amount;
- interest on the principal amount;
- costs;
- interest on unpaid costs; and
- interest on unpaid interest.

Your obligations under this mortgage or any agreement will continue unchanged. If your property is subdivided, each part of your property will secure all of the debt.

8.3 Changes and extension of time

We may deal with you and others as well as any security we hold as we see fit without affecting our rights. This includes:

- varying your credit;
- granting an extension of time; and
- taking or giving up security that we hold.

Any actions we take will not affect your obligations under this mortgage or any agreement or your responsibility to repay the debt.

8.4 Taking possession

If you are in default on any of your obligations under this mortgage or any agreement, we may, at our option, take possession of your property and you certify that, if we take this action, your property is free from any liens except for those liens we have approved of in writing.

8.5 Enforcing our rights

If you do not make one or more payments when required under this mortgage or any agreement, or if you do not meet one or more of your other obligations under this mortgage or any agreement, we may enforce our rights by taking certain actions. We have the right to take one or more of these actions at the same time or in any order we choose. These actions include:

- **Enter your property.** We may enter your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. We may lease or sell your property without actually taking possession of it. We will not be considered to be a mortgagee in possession of your property unless we actually take possession of it. While in possession, we will only be accountable for money actually received. We may take possession of your property without any liens or interference.
- **Appoint a receiver.** We can appoint in writing a receiver (including a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for anything the receiver does or fails to do. We are not accountable for any money received by the receiver except for money that we actually receive. The receiver may use every available remedy or action that we have under this mortgage to collect the income from your property, take possession of part or all of your property, or to manage your property and keep it in good condition. From the income collected, the receiver will pay the following:
    - all rents, taxes, insurance premiums and other expenses required to keep your property in good condition;
    - its own commission as receiver;
    - all amounts required to keep any liens ranking in priority to this mortgage in good standing;
    - interest owing under this mortgage; and
    - all or any part of the debt, whether it is due or not.
- **Sue you.** We may take any action that is necessary to collect the debt.
- **Lease your property or collect rents.** If you are in default on this mortgage for more than 15 days, we may enter and lease your property after giving you 15 days notice. If you are in default on this mortgage for more than 30 days, we may enter on and lease your property without informing you. You assign to us all rents from your property. This assignment becomes effective when a default on this mortgage occurs. If we think it is reasonable, we may cancel or amend any lease or enter into new leases without being responsible for any resulting loss. We may apply the money collected under any lease, after paying all costs and expenses, to any part of the debt. We will only be accountable for the remaining money when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the debt in full, you must pay us the difference.

- **Power of sale.** If you are in default on this mortgage for 15 days or more, we may, on at least 35 days written notice to you as required by Part III of the Mortgages Act, enter and sell your property, or any part of your property. We may sell your property for cash or on credit, or partly for cash and partly on credit. We may sell your property by private sale or public auction and for whatever terms we can obtain. If we think it is reasonable to do so, we may cancel or amend any contract of sale, or postpone any sale, without being responsible for any resulting loss. We may apply the money from any sale (after paying all costs and expenses) to reduce any part of the debt. We will be responsible only for the money when we actually receive it. If the money remaining, after paying all costs and expenses, does not pay the debt in full, you must pay us the difference.
- **Foreclosure or sale.** We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under the court's supervision. If the amount we receive from the sale of your property is less than the debt, you must pay us the difference.
- **Cure any defaults.** We can cure any defaults under this mortgage and take any other steps or proceedings against you that are allowed by the laws of Ontario and Canada.

If we take possession of your property to enforce our rights, you will not interfere with our possession. You also will not interfere with the possession of your property by any receiver we appoint, nor with the possession of your property by any person we have leased or sold your property to. You will not make any claim against any person to whom your property has been leased or sold.

You must pay all of our expenses related to our enforcing our rights. You must pay these amounts immediately when we ask for them. These expenses may include legal fees. Our legal fees will be charged on a "substantial indemnity" basis. You must also pay all other costs we have to pay to protect our interests and to enforce any of our rights under this mortgage or any agreement, as well as a reasonable allowance for the time and services of our agents and CIBC employees.

8.6 Delay in enforcing our rights

If we delay enforcing any of our rights, the delay will not affect any of our other rights under this mortgage. If we give you or any other person an extension of time, it does not affect any of our rights under this mortgage.

We may still require you to make all payments on time and meet your obligations under this mortgage. We may still require payment of the debt if you are in default. We may still require any other person who has obligations under this mortgage to meet those obligations.

If you are in default, we may require you, or anyone else who is obligated by this mortgage to pay the total debt.

8.7 If we do not enforce our rights on a particular default

In some cases, we may not enforce our rights on a particular default by you. However, by doing so, we are not forgiving any other existing default by you, or any other defaults by you in the future.

Any waiver of our rights must be signed by two of our authorized signing officers.

8.8 Court orders and judgments

If we obtain a court order or judgment against you to enforce our rights, the judgment will not prevent us from pursuing our other remedies or rights to enforce your obligations under this mortgage or any agreement, including our right to receive interest as required by this mortgage.

If we obtain a judgment against you, we will be able to rely on our rights under both the judgment and this mortgage. The judgment will not affect any other security we have. We will be entitled to interest on any judgment at the interest rate shown on the Charge/Mortgage of Land until we are fully paid.

8.9 *Doctrine of consolidation*

The doctrine of consolidation will apply to this mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages or agreements with us then we can, as a condition of your repaying any mortgage or any agreement, require that you repay all mortgages and agreements.

8.10 *Administration and processing fees*

In addition to the administration and processing fees outlined elsewhere in this set of Standard Charge Terms, you also agree to pay to us, when due, our administration and processing fees in connection with:

- the preparation of any amending or other agreement, or statements for information purposes;
- failure to have sufficient funds in your account to meet a payment amount, closure of the account from which you authorized us to deduct your payments, or cancellation of your authorization to deduct payments from your account;
- replacement of cheques if a payment has been refused because of insufficient funds; and
- any other reason related to the administration of this mortgage or any agreement.

We will charge you our fees in effect at the time we do the work.

If you do not pay us these fees when they are due, we will add these fees to the debt. If we add these fees to the debt, we will charge you interest on these fees at the interest rate shown on the Charge/Mortgage of Land from the date the fees are incurred.

You also agree to pay us, when due, our fees for providing any services of an administrative or clerical nature requested by you. Examples of these fees include:

- providing copies of documents from your file;
- providing duplicate documents;
- providing an amortization schedule;
- retrieval of your file or information or documents from offsite storage at your request;
- providing a detailed breakdown of your payment history or tax account;
- audit verification;
- courier charges; and
- our fees in effect from time to time for any other special requests by you for similar services of a clerical or administrative nature.

You must pay us these fees immediately. If you do not pay them, we may declare that you are in default on this mortgage or the agreement, or add these fees to the debt. If we add these fees to the debt, we will charge you interest on these fees at the interest rate shown on the Charge/Mortgage of Land from the date the fees are incurred.

We have the right to change the fees we charge from time to time without notifying you. The fees in effect at any particular time are available by contacting us.

8.11 *Certain actions we can take*

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over this mortgage. Also, we can pay all expenses that we incur in collecting any payment under this mortgage or any agreement that you did not make when due and in enforcing your other obligations. If we do this, you must pay us these amounts immediately. If you do not, we may declare that you are in default on this mortgage or the agreement. In addition, we can add these amounts to debt. If we add any of these amounts to the debt, we will charge you interest at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

If you are a tenant or a lessee, under a lease of your property we can cure any defaults existing under your lease. You must immediately reimburse us for all payments and expenses that we incur in doing this. If you do not, we may declare that you are in default on this mortgage or any agreement. In addition, we may add these amounts to the debt. If we add any of these amounts to the debt, we will charge you interest at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

If you do not meet one or more of your obligations under this mortgage or any agreement, we can, but are not obliged to, perform those obligations. If you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so. Every renewal will be subject to this mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps. If you do not, we may declare that you are in default on this mortgage. In addition, we may add these costs to the debt. If we add any of these amounts to the debt, we will charge you interest at the interest rate shown on the Charge/Mortgage of Land until they are repaid.

Any payments we make under this mortgage or an agreement will be added to the debt. We will charge you interest on these payments from the date we pay them at the interest rate shown on the Charge/Mortgage of Land. We are entitled to rely on any statement we receive for the purpose of making any payment required to protect our interest in your property. These statements will be considered to be conclusive evidence of the amount owing.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under this mortgage, we are entitled to retain another solicitor of our choice to provide a final report and certificate of title. You will be responsible for all costs related to doing this.

9. What happens if your property is sold or transferred

If you sell or transfer the property, we can, at our option, demand that you pay the entire debt immediately. We can do this even if one or more of the agreements do not contemplate immediate payment. If we do not require you to repay the entire debt, our rights under this mortgage are not affected.

10. Portability

This mortgage is not portable. This means that you cannot transfer the mortgage to another property.

11. Assumption or assignment of this mortgage

This mortgage cannot be assigned by you or assumed by any other person.

12. Communication and notices

If more than one person has signed this mortgage or any agreement as borrower, we can rely on any communications we receive from any one of you. These communications may be received electronically, in writing, orally, or by other means. Communications from any one of you will be considered to be communications from all of you.

In addition, communications from us to any of you will be considered to be communications to all of you. Our communications may be sent electronically, in writing, orally, or by other means. Any item we mail to you will be considered to be received by you on the fifth day after we mail it.

13. Expropriation

If your entire property is expropriated, the debt will immediately become payable, together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will apply it to the debt. If, in our opinion, the remainder of your property does not provide adequate security for the debt, then the debt, or any part of the debt as we determine, will immediately become due and payable, together with loss of interest.

14. *Family Law Act*

You certify to us that all information which you gave us about your marital status and your property when applying for this mortgage or any of the agreements, and all statements made in this mortgage and any of the agreements are true and accurate under the *Family Law Act*.

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15. If part of this mortgage is not valid

If any part of this mortgage is found to be illegal or unenforceable, the validity or enforceability of all other parts will not be affected.

16. Excluding statutory covenants

The covenants in section 7(1) of the *Land Registration Reform Act* are excluded from this mortgage.

17. Reference to laws

Any reference to legislation in this mortgage or any agreement includes any amendments and replacements to that legislation in force from time to time.

18. Collecting, using, and disclosing your personal information

During the course of our relationship we may collect financial and related information about you. This information includes:

- information about this mortgage, the debt and any of the agreements;
- information about your transactions using our products and services;
- information to identify you or qualify you for products and services; and
- information we need for regulatory purposes.

We may collect this information from a number of different sources including your application for this mortgage, and for any indebtedness due under it, references you provide, credit reporting agencies, other financial institutions, service providers, our internal records and from individuals authorized to act on your behalf.

We may use your personal information to open, process, service, insure, maintain and collect upon this mortgage and any of the agreements and we may disclose your personal information, including information about your mortgage and any of the agreements to credit reporting agencies. We will also use and disclose your personal information according to our privacy policies which are outlined in our brochure, "Your Privacy Is Protected." This privacy policy may be amended, replaced or supplemented from time to time.

You agree that we may enter into this mortgage and any of the agreements on behalf of another entity as an agent or nominee, and also that we may assign this mortgage and any of the agreements to another entity. In these cases, the entity is known as the "beneficial owner." We can do this whether or not the beneficial owner is named in this mortgage or any of the agreements. You also agree that we may insure this mortgage with CMHC or other mortgage insurer approved by us from time to time. We may disclose your personal information to the beneficial owner, its agent, and any person or entity to which the beneficial owner assigns this mortgage or any of the agreements and to any mortgage insurer. If the mortgage is insured, the insurer may obtain a credit report and other information about you from any credit bureau, credit reporting agency and /or from us. We may also disclose your personal information to any service provider. Service providers are any person or entity that:

- is involved in the servicing, maintenance, collection or operation of this mortgage or any of the agreements; or
- provides services or benefits to you under this mortgage or any of the agreements, including loyalty programs.

Your personal information includes all information provided by you or obtained by us in connection with your application for this mortgage, and for any indebtedness due under it, and ongoing information and documentation about you, this mortgage and any of the agreements sufficient for the beneficial owner, agent, assignee, mortgage insurer and service provider to administer this mortgage and any of the agreements and exercise their rights under them.

19. Discharge

After you have paid us the debt secured by this mortgage and you have met all your obligations under this mortgage and all of the agreements, you may request in writing that we send you a discharge of this mortgage.

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You will pay our usual administration and processing fee for preparing, reviewing and signing the discharge and all legal and other expenses, if applicable. You will pay us these fees whether the discharge is prepared by your lawyer, by our lawyers or by us. It is your responsibility to register the discharge on the title to your property and to pay the registration fee.

If electronic registration is available for this mortgage, we may register on your behalf, if we choose, and you agree to pay us the registration fee. After we have done so, we will send you or your lawyer confirmation that the discharge has been registered.

STANDARD CHARGE TERMS
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Appendix 1

Equivalent Interest Rates

For current mortgage rate calculated monthly not in advance, the columns provide the equivalent interest rate calculated half-yearly not in advance.

INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)	INTEREST RATE CALCULATED MONTHLY NOT IN ADVANCE (%)	EQUIVALENT INTEREST RATE CALCULATED HALF-YEARLY NOT IN ADVANCE (%)
1.000	1.00209	**9.000**	9.17045	**17.000**	17.61358
1.125	1.12764	9.125	9.30024	17.125	17.74772
1.250	1.25326	9.250	9.43010	17.250	17.88193
1.375	1.37894	9.375	9.56002	17.375	18.01621
1.500	1.50470	9.500	9.69002	17.500	18.15056
1.625	1.63051	9.625	9.82008	17.625	18.28498
1.750	1.75639	9.750	9.95021	17.750	18.41947
1.875	1.88234	9.875	10.08040	17.875	16.55403
2.000	2.00835	**10.000**	10.21066	**18.000**	18.68865
2.125	2.13443	10.125	10.34099	18.125	18.82335
2.250	2.26057	10.250	10.47139	18.250	18.95811
2.375	2.38678	10.375	10.60185	18.375	19.09295
2.500	2.51306	10.500	10.73238	18.500	19.27785
2.625	2.63940	10.625	10.86298	18.625	19.36282
2.750	2.76580	10.750	10.99365	18.750	19.49766
2.875	2.89228	10.875	11.12438	18.875	19.63297
3.000	3.01881	**11.000**	11.25519	**19.000**	19.76815
3.125	3.14542	11.125	11.38605	19.125	19.90340
3.250	3.27208	11.250	11.51699	19.250	20.03872
3.375	3.39882	11.375	11.64800	19.375	20.17411
3.500	3.52562	11.500	11.77909	19.500	20.30956
3.625	3.65249	11.625	11.91021	19.625	20.44509
3.750	3.77942	11.750	12.04141	19.750	20.58068
3.875	3.90642	11.875	12.17269	19.875	20.71635
4.000	4.03348	**12.000**	12.30403	**20.000**	20.85208
4.125	4.16061	12.125	12.43544	20.125	20.98789
4.250	4.28781	12.250	12.56692	20.250	21.12376
4.375	4.41507	12.375	12.69846	20.375	21.25971
4.500	4.54240	12.500	12.83008	20.500	21.39572
4.625	4.66979	12.625	12.96176	20.625	21.53180
4.750	4.79725	12.750	13.09351	20.750	21.66796
4.875	4.92478	12.875	13.22533	20.875	21.80418
5.000	5.05237	**13.000**	13.35721	**21.000**	21.94047
5.125	5.18003	13.125	13.48916	21.125	22.07683
5.250	5.30776	13.250	13.62118	21.250	22.21326
5.375	5.43555	13.375	13.75327	21.375	22.34977
5.500	5.56341	13.500	13.88543	21.500	22.48634
5.625	5.69133	13.625	14.01766	21.625	22.62298
5.750	5.81932	13.750	14.14995	21.750	22.75969
5.875	5.94738	13.875	14.28231	21.875	22.89647
6.000	6.07550	**14.000**	14.41474	**22.000**	23.03332
6.125	6.20369	14.125	14.54724	22.125	23.17024
6.250	6.33195	14.250	14.67981	22.250	23.30724
6.375	6.46027	14.375	14.81244	22.375	23.44430
6.500	6.58866	14.500	14.94514	22.500	23.58143
6.625	6.71711	14.625	15.07791	22.625	23.71863
6.750	6.84564	14.750	15.21075	22.750	23.85590
6.875	6.97423	14.875	15.34366	22.875	23.99324
7.000	7.10288	**15.000**	15.47664	**23.000**	24.13066
7.125	7.23160	15.125	15.60968	23.125	24.26814
7.250	7.36039	15.250	15.74279	23.250	24.40569
7.375	7.48925	15.375	15.87597	23.375	24.54331
7.500	7.61817	15.500	16.00922	23.500	24.68101
7.625	7.74716	15.625	16.14254	23.625	24.81877
7.750	7.87621	15.750	16.27593	23.750	24.95660
7.875	8.00534	15.875	16.40939	23.875	25.09451
8.000	8.13452	**16.000**	16.54291	**24.000**	25.23248
8.125	8.26378	16.125	16.67650	24.125	25.37053
8.250	8.39310	16.250	16.81016	24.250	25.50865
8.375	8.52249	16.375	16.94389	24.375	25.64683
8.500	8.65195	16.500	17.07769	24.500	25.78509
8.625	8.78147	16.625	17.21156	24.625	25.92342
8.750	8.91106	16.750	17.34550	24.750	26.06181
8.875	9.04072	16.875	17.47950	24.875	26.20028

DATED at Toronto, this 10 day of December, 2008.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE

Filing No. .... Cote

Patricia Knight
Solicitor for Canadian Imperial Bank of Commerce

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200834 Cote
Filing Date DEC 17 2008 Date de Dépôt
Page 1 of/de 26 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Residential Mortgage
Ontario

Filing No. ____________

Set of Standard Charge Terms

Land Registration Reform Act

Filed by Bank of Montreal

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

General Terms

By entering into the mortgage with us, you promise to repay a loan and you give us security over property. The security gives us a right to have the property used to pay what is owed.

The mortgage includes these **General Terms**.

The General Terms show:

- How you must pay the loan and what costs and taxes you must pay.
- What features apply.
- Your other responsibilities, especially for the property. For example, you must insure, repair and pay taxes on the property and comply with laws.
- Our rights if you don't comply with the mortgage.
- If you're guaranteeing the mortgage, what this means.

In the mortgage, **you** means each person giving security under the mortgage (except in part 13 of the General Terms). **We** means Bank of Montreal.

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1. Definitions.

This part explains the meaning of some words in the mortgage.

1.1 **Added charge**. This is a charge that you may have to pay if you're prepaying all or part of what is owed.

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1.2 **Advance**. Where the mortgage says we make an advance to you, it includes our making an advance to anyone you direct.

1.3 **Amortization period**.

1.3.1 The amortization period is the time it would take to pay the loan in full, with interest at a given interest rate, by instalments of a given frequency and amount. There are four basic factors for the loan: the amount, interest rate, instalment and amortization period. With any three of them, we can work out the fourth. The mortgage uses the following amortization periods:

1.3.1.1 ***Remaining contractual amortization period for the term***. At any time, this is the amortization period that was agreed to for the current term of the loan, less the period since that term began.

1.3.1.2 ***Remaining contractual amortization period for the mortgage***. At any time, this is the amortization period that was agreed to for the mortgage, less the period since the interest adjustment date.

1.3.1.3 ***Remaining actual amortization period***. At any time, we work out the remaining actual amortization period by using what is owed at that time, the interest rate at that time, and the instalment at that time.

1.4 **Balance due date**. This is the day on which you must repay the balance of the loan and the interest on the loan in full, unless the loan is renewed for another term. The balance due date is sometimes called the "maturity date."

1.5 **Blended interest rate**. This is an interest rate that we work out when you re-borrow under section 5.3, or when we make a new loan under section 5.11.1.2 or 5.12. We use two interest rates:

- The first rate is the interest rate before you re-borrow or we make the new loan. We apply this rate to what is owed just before you re-borrow or we make the new loan.
- The second rate is our posted interest rate, when you and we enter into the agreement for you to re-borrow or for us to make the new loan, for a fixed rate closed term that is closest in length to the time remaining in the existing term of the loan. We apply this rate only to the additional amount that we're to lend under the re-borrowing or new loan.

We then pro-rate these rates, and the result is the blended interest rate.

1.6 **Closed term**. See section 1.17, **Open or closed term**.

1.7 **Compound interest**. This is interest on unpaid interest.

1.8 **Fixed rate term**. This is a kind of term where, at all times during the term of the loan, the interest rate can't change.

1.9 **Instalment**. This is your regular payment for the loan and interest. It doesn't include a tax or insurance payment.

1.10 **Insured mortgage**. This is a mortgage that's insured against the risk of the loan not being paid. The law requires a mortgage to be insured where the loan is higher than 80% of the estimated value of the property at the time of the mortgage. Even if the law doesn't require the mortgage to be insured, we may require it.

1.11 **Interest adjustment date**. The first term of the loan under the mortgage begins on a day called the interest adjustment date. The interest adjustment date has that name because we begin the term of the loan on the first day of the month, but we often make the loan or an advance before that day. For example, if we make the loan to you on April 16 and May 1 is the interest adjustment date, you must pay interest from April 16 to April 30 (15 days), and the term of the loan begins on May 1.

1.12 **Interest rate for the loan**. For a fixed rate term, this is the interest rate calculated for the calculation period as shown in the mortgage. For a variable rate term, the mortgage shows what kind of variable rate term you have, and the interest rate for the loan is the variable interest rate for that kind of term described in part 3.

1.13 **Leasehold interest**. When a person doesn't own the property but is a tenant under a lease, that person has a leasehold interest. The leasehold interest doesn't include other rights of the tenant, for example, an option to renew or purchase.

1.14 **Loan**. This is the principal amount that we advance and that the mortgage secures. It includes any advance we make under a re-borrowing.

1.15 **Loan-to-value ratio**. This is the amount of the loan or of what is owed at a time, as a percentage of the estimated value of the property. If you have an insured mortgage, the maximum loan-to-value ratio reflects requirements of the insurer.

1.16 **Mortgage**. The mortgage is the document that you're agreeing to that includes these General Terms. If the terms of the mortgage are changed, it means the mortgage as changed.

1.17 **Open or closed term**. If the mortgage gives you, at all times during the term of the loan, the right to prepay all of what is owed without an added charge, the kind of term is open. Otherwise, the kind of term is closed. A Convertible term is closed. We sometimes use the words "limited prepayment" for "closed."

1.18 **Payout statement**. This is a statement we issue that shows the amount that we project will be required to prepay all of what is owed on a given date.

1.19 **Posted interest rate**. This is the yearly interest rate that we fix from time to time for

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loans for residential properties in Canada secured by mortgages or guaranteed by hypothecs for each kind of term we offer and designated as our "posted rate" for each kind of term.

1.20 **Prime rate**. This is the yearly interest rate that we fix from time to time as our prime interest rate payable on Canadian dollar loans made in Canada and designated as our "prime rate."

1.21 **Property**.

1.21.1 The mortgage gives us security over some real property or land. We refer to this real property or land as the property. It includes all interests in the property, and all rights that go along with the property. It includes buildings and the other things that are referred to in section 7.2.

1.21.2 For a condominium, it's the unit and it includes the rights in the complex over which the mortgage gives us security. For a leasehold interest, it's the leased real property or land and it includes the tenant's interests in that real property or land.

1.22 **Property claim**. This is a right of anyone other than you in the property, and can include:

- A mortgage or other security.
- A lease, a right of way or other easement or servitude, or a restrictive covenant.
- A lien created by law (for example, for property taxes, utilities or condominium common expenses, or for a judgment).
- An exception, reservation, condition, limitation or provision.
- Any other encumbrance.
- A trust.
- A claim based on possession or use.
- A permission to occupy or use the property that can't be revoked.
- A claim under a marriage or family law.

1.23 **Property tax**. This is every kind of present or future federal, provincial, municipal or other tax, assessment or rate on or in respect of the property or any part of it. It includes a charge imposed by a municipality for an improvement, and a fee for information about property taxes.

1.24 **Section or part**. Where the General Terms refer to a section or part, they mean a section or part of the General Terms, unless they show otherwise.

1.25 **Tax or insurance payment**. This is a regular payment to us for property taxes, or a regular payment to the insurer for premiums for life or accident and illness insurance for the mortgage (if you obtain that insurance). It's in addition to the instalment.

1.26 **Term of the loan**. This is the period for which we make the loan to you. The term of the loan is usually shorter than the amortization period. For example, a loan may begin with a 25-year amortization period and a 5-year term. The first term of the loan under the mortgage begins on the interest adjustment date, and ends on the balance due date.

1.27 **Variable rate term**. This is a kind of term where the interest rate can change automatically based on changes in our prime rate.

1.28 **What is owed**. This is the total of the amounts owed to us as described in section 2.1.

1.29 **Work**. This is constructing anything that becomes part of the property, demolishing a part of the property, or altering, adding to, repairing or renovating the property.

2. What is owed and secured.

2.1 **General**. Under the mortgage, the following amounts are owed to us:

- Every amount that must be paid to us under the mortgage, including:
  - the loan,
  - interest,
  - compound interest and
  - costs.
- The amounts described in section 2.3.
- Amounts that, as a result of the mortgage, the law requires to be paid to us.
- Any amount needed to compensate us for a breach of your obligations under the mortgage.

Our security secures the amounts listed above and the other obligations to us under the mortgage. If we advance parts of the loan at different times, our security secures every advance. The amounts secured are subject to the limit shown in section 2.3.3.

2.2 **The loan**. You must repay the loan, and pay interest on it at the interest rate for the loan, in accordance with this section 2.2.

2.2.1 ***Interest to interest adjustment date***. You must pay the interest accrued from the day we make the advance or first advance to the day before the interest adjustment date. You must pay this interest on the interest adjustment date, or we can choose to collect this interest:

- By asking you to pay it on the 1st of each month (if we advance the loan or part of it more than a month before the interest adjustment date).
- By using part of the loan.
- By asking you to pay it when you pay the first instalment.

2.2.2 ***Instalment***. You must pay the amount of each instalment on every instalment date, beginning on the first instalment date and ending on the last instalment date, all as shown in the mortgage. We'll apply each instalment as follows:

- First, to pay or reduce any compound interest on the loan up to the instalment date.

- Second, to pay other interest on the loan up to that date.
- Third, to reduce the loan.

If the mortgage goes into default, we don't have to apply an instalment as shown above. If we don't advance the full amount approved for the loan, you must still pay the full amount of each instalment, unless we agree otherwise.

2.2.3 ***Balance***. You must repay the balance of the loan and the interest on the loan in full on the balance due date, unless the loan is renewed for another term.

2.3 **Other amounts that the mortgage secures**. This section 2.3 describes additional amounts that the mortgage secures. In this section 2.3, you means a person then shown by our records to be an owner of the property. Where you have a leasehold interest in the property, this is the holder of that interest. The terms in sections 12.12 and 12.13 apply to an agreement under this section 2.3.

2.3.1 ***A future change***. In the future, if we agree with you to change any of the terms for what is owed, the mortgage secures what is owed as changed. This is so, for example, if we renew the loan or extend the time for payment.

2.3.2 ***Additional amounts***. Whenever we lend an amount to you and you agree that the mortgage secures that amount or that the amount is lent under the mortgage, the mortgage also secures that amount and the interest on it. You'll be deemed to agree that the mortgage secures an amount:

- if it's a re-borrowing under section 5.3; or
- if, in your agreement for it, you refer to the mortgage.

2.3.3 ***Limit on amount secured***. There's a limit on how much the mortgage secures. The limit is the principal amount of the mortgage. The limit applies only to the following parts of what is owed at any time:

- The loan that is owing under section 2.2.
- The amount that is owing of what we lent under section 2.3.2.

There's no limit on how much the mortgage secures for other parts of what is owed, such as interest, costs and any amount needed to compensate us for a breach of your obligations under the mortgage.

2.4 **Prepayment**. You can prepay all or part of what is owed only where the mortgage specifically gives you a right to prepay. After you prepay part of what is owed, you must continue to pay the instalments.

2.5 **Interest generally**. All interest rates for what is owed (including compound interest) apply both before and after demand, the balance due date, default or judgment.

2.6 **Compound interest**. If interest isn't paid when it's due, compound interest must be paid on this unpaid interest. Compound interest must be paid at the same rate as the unpaid interest, is calculated in the same way, and must be paid on the same days. If compound interest isn't paid when it's due, compound interest must be paid on that interest. Compound interest must be paid even if interest isn't in arrears, for example, where you have a variable rate term and the instalment doesn't cover all the interest.

2.7 **Other terms about payments**.

2.7.1 All amounts are expressed in Canadian dollars and are payable in Canadian dollars.

2.7.2 You must keep a deposit account with us or a financial institution that we approve, and you must authorize us to debit that account with the instalment. If we ask, you must authorize us to debit the account with tax or insurance payments. You must ensure that there are sufficient funds in the account for every instalment or tax or insurance payment when it's due. If we ask, you must make any other reasonable arrangement for paying the instalment or making the tax or insurance payment.

2.7.3 Instalments, tax or insurance payments and other payments must be paid without any set-off. (Having to pay without set-off means that you don't have a right to reduce your debt by any amount we owe you.)

2.8 **Costs**.

2.8.1 ***Costs for the mortgage and security***. Once you've agreed to enter into the mortgage with us, whether we make an advance or not, you must pay us our costs for arranging the mortgage and taking our security. These include, for example, costs for:

- Inspecting the property, valuing it and surveying it.
- Preparing or registering the security.
- Searching title to the property or obtaining title insurance.
- Paying the insurance premium for an insured mortgage, any tax on the premium and any application fee.

2.8.2 ***Other costs***. You must pay us our costs for:

- Doing or paying anything that the mortgage says we can do or pay. Examples are arranging insurance; inspecting the property; paying property taxes; paying a property claim such as a prior mortgage; repairing, managing and operating the property; doing work; getting an environmental assessment; and complying with an obligation that you've failed to comply with.
- Giving an approval or consent under the mortgage and checking that conditions are met.
- Protecting ourselves from claims relating to our security, for example, from liens of those who do work.

- Collecting what is owed, if the mortgage goes into default, and exercising our powers under the mortgage.
- Doing anything relating to the mortgage that the mortgage doesn't require us to do but that you ask us to do, for example, entering into another agreement.

You must also pay us our costs under other terms of the mortgage, for example, sections 7.8, 8.11, 10.10, 11.12, 12.12.1.3 and 12.15.

2.8.3 ***Other cost terms***. Wherever the mortgage requires you to pay a cost, the following terms will apply:

- The cost includes an expense, such as an insurance premium, a property tax or the amount of a prior mortgage.
- The cost includes lawyers' or notaries' fees and disbursements, charged on the basis that applies between a lawyer or notary and his or her own client, even though we may not have taken court proceedings.
- The cost includes costs for other professionals or agents, for example, an appraiser, surveyor or engineer.
- The cost may be the usual administration fee that we charge at the time.
- You must pay the cost to us as soon after it has been incurred as we ask for it. You must pay interest on the cost (including any compound interest) from when it's incurred at the interest rate for the loan.
- Our security secures the cost and the interest on it. We can choose to use part of the loan to pay the cost and interest.
- We have the rights under this section 2.8 only as far as permitted by a law that applies despite what you and we have agreed to.

3. Variable rate terms.

3.1 **General**. The interest rate during a variable rate term is based on our prime rate. The interest rate is calculated monthly not in advance. The interest rate varies (except as shown in section 3.2.2), because our prime rate varies and changes automatically when our prime rate changes. Our prime rate can change at any time. We don't have to send you a notice showing this change.

3.2 **Interest rates**.

3.2.1 ***Variable rate open and Variable rate closed term***. The interest rate for a variable rate open and a variable rate closed term is equal to our prime rate plus the premium or minus the discount, if any, shown on the commitment letter.

3.2.2 ***Variable rate Protected term***. The interest rate for a variable rate Protected term is 0.10% per year below our prime rate, until that interest rate first goes over the maximum interest rate shown in the mortgage. At all times after that, the interest rate is the maximum interest rate.

3.2.3 ***Variable rate Flexible Below Prime term***. The interest rate for a variable rate Flexible Below Prime term is 2.25% per year below our prime rate until the end of the first three months of the term of the loan. After the first three months of the term of the loan, the interest rate is 0.375% per year below our prime rate.

3.3 **Payments**.

3.3.1 ***Instalment***. Although the interest rate for a variable rate term varies, the instalment doesn't change (except under section 3.3.2). Thus, when the interest rate goes down, more of the instalment goes to repay the loan and the remaining actual amortization period decreases. When the interest rate goes up, less of the instalment goes to repay the loan and the remaining actual amortization period increases.

3.3.2 ***Effect if interest is more than the instalment***. For a variable rate open term, a variable rate closed term or a variable rate Flexible Below Prime term, when the interest rate goes up, the instalment may not be enough to pay all of the interest and the remaining actual amortization period increases. When this occurs what is owed increases and you must pay compound interest. If this happens and if we ask, you may be required to do one or more of the following so the loan will be repaid over the remaining contractual amortization period:

- Immediately pay us the excess.
- Pay us a higher instalment, beginning on the next instalment date, and going on until the balance due date. We fix the amount of the higher instalment to cover any expected rate increase, or to stop what is owed from increasing.
- Convert the loan to a fixed rate term if the contract gives you an option to do so.

If you choose to pay us a higher instalment so that the loan will be repaid over the remaining contractual amortization, you can't lower it under sections 5.14.2, 5.19.4 or 5.22.2.

4. Renewal.

4.1 **Renewal offer**. Shortly before the balance due date, unless you're in default, we'll send you our offer to renew the loan, which will allow you to choose a kind of term from several options. The offer will contain each kind of term available to you, the interest rate applicable to each kind of term and any new or amended terms that would also apply to the mortgage. If by the balance due date you've neither paid all of what is owed at that time nor agreed with us to renew, you'll be deemed to have accepted our offer for a new kind of term beginning on the day after the balance due date as follows:

4.1.1 If you have a fixed rate term for six months, one year or two years, the new kind of term is the same kind of term again. If you have a closed term, the new kind of term is closed. If you have an open term, the new kind of term is open.

4.1.2 If you don't have a kind of term described in section 4.1.1, the new kind of term is a fixed rate open term of six months.

5. Features.

5.1 What features apply.

5.1.1 The heading for each section of this part 5 shows what kind of term a feature applies to. Except where a feature applies to any kind of term, the feature applies only while you have the kind of term shown in the heading.

5.1.2 This part 5 does the following:

- shows the features that apply to all kinds of terms; then
- shows the features that apply to each kind of term; and then
- shows how a change under the features is made, and explains our added charge.

5.1.3 If the mortgage is in default, you can't use any of the features in this part 5.

5.2 Any kind of term: *Paying the instalment monthly or more often, or accelerated instalments*.

5.2.1 **Your option**. You can ask to pay the instalments in any of four ways:

- every week on Friday,
- every two weeks on Friday,
- twice a month on the 1st and 15th, or
- monthly on the 1st.

You can ask to change the way you pay the instalments at any time. To work out the new instalment, we start with the monthly instalment when the term of the loan began. However, if you chose to pay instalments more often than monthly, we start with what would have been the monthly instalment when the term of the loan began. And, if you and we have agreed to increase the instalment, we start with the monthly instalment as increased. For instalments more often than monthly, we then multiply that monthly instalment by 12 and divide the result by 52 (for every week), 26 (for every two weeks) or 24 (for twice a month).

5.2.2 **Accelerated instalments**. You can prepay by paying what we call "accelerated instalments." To work out the accelerated instalment, we use the same monthly instalment that we'd start with under section 5.2.1. An accelerated instalment paid every week is that monthly instalment divided by 4. An accelerated instalment paid every two weeks is that monthly instalment divided by 2. An accelerated instalment paid twice a month is that monthly instalment times 13 and divided by 24.

5.2.3 **How we make the change**. When we change the way you pay the instalments under section 5.2.1 or 5.2.2, the terms of section 5.25 apply.

5.2.4 **Instalments after default**. If the mortgage has gone into default, you must pay any arrears. In addition, if you pay the instalment more often than monthly, if we choose, you must pay the instalment made back into a monthly instalment. We can fix the date on which you must start paying this new monthly instalment. If we've chosen to have you pay the instalments monthly under this section 5.2.4, you can't change the way you pay the instalments under section 5.2.1 or 5.2.2. Nothing in this section 5.2.4, and nothing we do under this section 5.2.4, impairs any other right of ours under the mortgage. For example, all of what is owed must still, if we choose, be paid immediately.

5.2.5 **Tax or insurance payments**. If you pay tax or insurance payments, when the way you pay the instalments is changed, we can decide how often you must pay these tax or insurance payments.

5.3 Any kind of term: *Re-borrowing*.

5.3.1 **How much you can re-borrow**. Subject to section 5.3.3, if you've previously prepaid, you may be able to re-borrow on the terms in section 5.3.4.

5.3.1.1 To work out what you can re-borrow:

- First we determine your start date and your initial loan balance, and section 5.3.2 gives examples of how we do this.
- Then we work out what would have been owed if, since your start date, you had only paid instalments without prepaying.
- If what is owed at the time is less than what would have been owed at the time, the difference is what you may re-borrow.

5.3.1.2 What is owed after you re-borrow must not cause the loan-to-value ratio after you re-borrow to go over the maximum loan-to-value ratio we set when you ask to re-borrow. We base the loan-to-value ratio on what we estimate is the value of the property when you ask to re-borrow (and we don't have to get a new appraisal or make an inspection).

5.3.1.3 Some transactions reduce what you can re-borrow. For example, if you've skipped an instalment under section 5.4, that will lower what you can re-borrow.

5.3.2 **Your start date and your initial loan balance**. The following are examples of how we determine your start date and your initial loan balance:

- If you entered into the mortgage with us, your start date is the interest adjustment date, and your initial loan balance is the principal amount shown in the mortgage.
- If you assumed the mortgage by taking a transfer of the property subject to the

mortgage, your start date is the date of transfer, and your initial loan balance is the loan balance on your start date.

5.3.3 **When you can't re-borrow**. We may not allow a re-borrowing in some cases. For example, we don't allow it where:

- Your employer is subsidizing the loan.
- The loan is under a self-directed registered retirement savings plan.
- The property was transferred to you in the same month in which you want to re-borrow.
- We're letting you skip an instalment.
- You've obtained a payout statement and it hasn't expired or been cancelled.
- You're asking to change the kind of term.
- There's another property claim on the property that arose after the mortgage.
- You're re-borrowing to avoid having the mortgage go into default.
- We haven't advanced the full amount approved for the loan.
- The term of the loan has ended.
- The loan has been reduced to zero.
- The mortgage is in default, or has gone into default during the last 90 days.

5.3.4 **Terms for re-borrowing**. When you re-borrow:

- You can't re-borrow less than $2,500 at a time.
- The kind of term you have stays the same.
- The balance due date doesn't change.
- If you have a fixed rate term, the interest rate is the blended interest rate (see section 1.5).
- If you have a variable rate term, your interest rate continues to be calculated in the same way.
- The instalment is based on what is owed just before the re-borrowing takes effect plus the amount you re-borrow, the remaining contractual amortization period for the term and your interest rate when the re-borrowing takes effect but, if you choose a variable rate Protected term, it's the maximum interest rate.
- You don't have to pay us an added charge.
- The terms of section 5.25 apply to this change.

5.4 Any kind of term: *Family Care® and Take a Break®*.

5.4.1 **What the Family Care and Take a Break options are**. These options may allow you to skip instalments. If you've re-borrowed under section 5.3, that may lower how many instalments you can skip.

5.4.2 **How many instalments you can skip**.

5.4.2.1 The Family Care option allows you to skip the following instalments in any calendar year:

- If you pay the instalment monthly, the most is 4 instalments.
- If you pay twice a month or every two weeks, the most is 8 instalments.
- If you pay every week, the most is 16 instalments.

5.4.2.2 The Take a Break option allows you to skip the following instalments in any calendar year:

- If you pay the instalment monthly, the most is 1 instalment.
- If you pay twice a month or every two weeks, the most is 2 instalments.
- If you pay every week, the most is 4 instalments.

5.4.3 **Terms for skipping instalments**.

5.4.3.1 If the mortgage isn't an insured mortgage:

- The instalments you may skip must not cause what is owed after you skip instalments to go over your initial loan balance as determined under section 5.3.2.
- What is owed after you skip instalments must not cause the loan-to-value ratio to go over the maximum loan-to-value ratio we set when you ask to skip an instalment. We base the loan-to-value ratio on what we estimate is the value of the property when you ask to skip an instalment (and we don't have to get a new appraisal or make an inspection).

5.4.3.2 If the mortgage is an insured mortgage, the instalments you can skip can't be more than what you can re-borrow under section 5.3.1.

5.4.3.3 If you don't skip an instalment in one year, you can't save it for another year.

5.4.3.4 We may not allow you to skip an instalment in some cases. For example, we don't allow either option if your employer is subsidizing the loan.

5.4.3.5 The property must be either a one-family home that you occupy (including a one-family condominium) or a two-family home of which you occupy one unit.

5.4.3.6 A right to skip an instalment ends when there is a transfer of the property. You don't have a right to skip an instalment after you've obtained a payout statement, until it expires or is cancelled.

5.4.3.7 For the Family Care option, we must be satisfied as to all of the following:

- You or your partner needs to care for a new baby, a newly adopted child or a sick relative.
- Whichever of you or your partner will provide the care is employed (not self-employed) and the employer has given leave to provide the care.
- You'll be able to pay the instalments when you can no longer skip instalments.

5.4.3.8 You must not be collecting mortgage accident and illness insurance benefits. Your right to skip an instalment ends when you become entitled to collect those benefits.

5.4.3.9 When you skip an instalment, we don't waive any interest. Interest (including compound interest) continues to accrue during the period covered by the instalment, and increases what is owed.

5.4.3.10 Skipped instalments don't have to follow each other.

5.4.3.11 You can't skip a tax or insurance payment.

5.4.3.12 The terms of section 5.25 apply to this change.

5.4.4 **Your rights to cancel or pay a skipped instalment**. At any time, you can cancel an agreement allowing you to skip an instalment. At any time after you've skipped an instalment, you can pay all or part of that instalment. This is in addition to your option to prepay 20% under section 5.10.1, 5.18.1, 5.20.1 or 5.23.1 (where you have that option). If you pay all or part of a skipped instalment, you don't have to pay us an added charge and you don't have to tell us in advance that you want to pay.

5.5 Any kind of term: *Transfer*

5.5.1 **Our right to require the loan to be repaid in full immediately on a transfer**. If we choose, you must pay all of what is owed immediately (including amounts that haven't become due) whenever there's a transfer of your interest in the property. Where more than one person holds the interest, there's a transfer of the interest when there's a transfer by any person.

5.5.2 **Our approval**. We won't choose to have all of what is owed paid immediately if, before the transfer, we agree in writing to allow the person who receives the transfer to assume the mortgage. We won't withhold this agreement unreasonably. The person must meet our usual credit requirements at the time and, if we ask, agree with us to comply with the mortgage.

5.5.3 **Agreement not to take legal action against you after you transfer**. When you sell the property, you can ask us to agree that, if the person who assumed the mortgage under section 5.5.2 defaults after you've transferred the property to that person, we won't take legal action to collect what is owed from you (meaning the person who transferred) or a person who was a guarantor before the transfer. We don't have to agree unless, acting reasonably, we're satisfied with every person to whom you transfer. Our approval of an assumption under section 5.5.2 doesn't mean that we're satisfied with that person. The agreement has no effect unless it's in writing. The agreement doesn't impair our security on the property, our rights against the person who assumed the mortgage under section 5.5.2, or any of our other rights under the mortgage (other than to take legal action to collect what is owed from you). You don't have to pay us an administration fee for the agreement.

5.5.4 **Portability**. If you consent to our dealing with a person who wants to assume the mortgage under section 5.5.2, you give up your option in section 5.11.

5.6 Fixed rate open term: *Increasing the instalment*

5.6.1 **Your option to increase**. At any time during the term of the loan, you can prepay by asking us to increase the instalment by any amount. You don't have to pay us an added charge.

5.6.2 **Your option, after an increase, to lower the instalment**. After an increase under your option to increase the instalment, at any time during the term of the loan, you can ask us to lower the instalment. We don't have to lower the instalment if that would make the remaining actual amortization period after the change longer than the remaining contractual amortization period for the mortgage when you and we enter into the agreement to make the change.

5.6.3 **How we make the change**. When we increase or lower the instalment under this section 5.6, the terms of section 5.25 apply.

5.7 Fixed rate open term: *Prepaying*

At any time during the term of the loan, you can prepay all or part of what is owed. You can't prepay less than $100 at a time. You don't have to pay us an added charge. You don't have to tell us in advance that you want to prepay.

5.8 Fixed rate open term: *Conversion*

Your option. At any time during the term of the loan, you can ask us to convert the loan to any new kind of term that you choose as follows:

- The new term of the loan begins when the change takes effect.
- If you choose a fixed rate term, the interest rate is our posted interest rate for the new kind of term when you and we enter into the agreement to make the change.
- If you choose a variable rate term, the interest rate is our variable interest rate for the new kind of term.
- The instalment is based on what is owed when the change takes effect, the new interest rate and the amortization period described as follows:
    - The new interest rate is the interest rate described above but, if you choose a variable rate Protected term, it's the maximum interest rate when you and we enter into the agreement to make the change.

- The amortization period is the remaining actual amortization period just before the change takes effect. However, if that period is more than the remaining contractual amortization period for the term when the change takes effect, it's the latter.

You don't have to pay us an added charge. The terms of section 5.25 apply to this change.

5.9 Fixed rate closed term: *Increasing the instalment*.

5.9.1 **Your option to increase by up to 20%.** Once in each calendar year, you can prepay by asking us to increase the instalment by up to 20% of the instalment just before the increase. If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year. You don't have to pay us an added charge.

5.9.2 **Your option, after an increase, to lower the instalment.** After an increase under your option to increase the instalment, at any time during the term of the loan, you can ask us to lower the instalment. We don't have to lower the instalment if that would make the remaining actual amortization period after the change longer than the remaining contractual amortization period for the mortgage when you and we enter into the agreement to make the change.

5.9.3 **How we make the change.** When we increase or lower the instalment under this section 5.9, the terms of section 5.25 apply.

5.10 Fixed rate closed term: *Prepaying*.

5.10.1 **Your option to prepay up to 20% a year.** You can prepay part of what is owed as follows:

- The total of what you prepay under this section 5.10.1 in any calendar year cannot be more than 20% of the original amount of the loan.
- You can't prepay less than $100 at a time.
- You can prepay in this way at any time during the year.
- If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year.
- You don't have to pay us an added charge.
- You don't have to tell us in advance that you want to prepay.
- You can't prepay under this section 5.10.1 if you've obtained a payout statement and it hasn't expired or been cancelled.

5.10.2 **Your option to prepay with an added charge.** At any time during the term of the loan, in addition to your option to prepay 20% under section 5.10.1 (where you have that option), you can prepay all or part of what is owed as follows:

5.10.2.1 Except as shown in section 5.10.2.2, you must at the same time also pay us an added charge of the higher of:

- three months' interest on the amount that you're prepaying, or
- the added charge based on different interest rates under section 5.26.1.

5.10.2.2 If the term of the loan is longer than five years and you prepay all or part of what is owed after the fifth year of the term of the loan, the added charge is three months' interest on the amount that you're prepaying.

5.10.2.3 You don't have to tell us in advance that you want to prepay. See also section 5.26.2.

5.11 Fixed rate closed term: *Portability, carrying the terms of the loan to a new property*.

5.11.1 **Your option.** If you sell the property and buy another property in Canada, you can ask us to make a new loan to you at that time secured by the property you buy.

5.11.1.1 If the amount of the new loan is the same as what is owed under the old loan when we make the new loan, the new loan is as follows:

- It's a fixed rate closed term.
- It has the same balance due date as the old loan.
- The interest rate is the same as for the old loan.

5.11.1.2 If the amount of the new loan is more than what is owed under the old loan when we make the new loan, the new loan is as follows:

- It's a fixed rate closed term.
- It has the same balance due date as the old loan.
- The interest rate is the blended interest rate (see section 1.5).

You don't have to pay us an added charge. We don't have to make the new loan unless our usual credit requirements are met.

5.11.2 **Repaying the old loan.** When we make a new loan under this section 5.11, you must repay all of what is owed at that time on the old loan (including amounts that haven't become due). If you want to repay all or part of what is owed on the old loan before we make the new loan, you can only do so under an option to prepay in the mortgage.

5.12 Fixed rate closed term: *Portability, carrying the terms of the loan to a higher loan on the property*.

5.12.1 **Your option.** At any time during the term of the loan, you can ask us to make a new loan to you secured by the property, where the amount of the new loan is more than what is owed under the old loan when we make the new loan. The new loan is as follows:

- It's a fixed rate closed term.
- It has the same balance due date as the old loan.

- The interest rate is the blended interest rate (see section 1.5).

You don't have to pay us an added charge. We don't have to make the new loan unless our usual credit requirements are met.

5.12.2 **Repaying the old loan**. When we make a new loan under this section 5.12, you must repay all of what is owed at that time on the old loan (including amounts that haven't become due).

5.13 Fixed rate Convertible term: *Conversion*.

Your option. At any time during the term of the loan, you can ask us to convert the loan as follows:

- The new kind of term is a fixed rate closed term of one year or more, beginning when the change takes effect.
- The interest rate is our posted interest rate for the new kind of term when you and we enter into the agreement to make the change.
- The instalment is based on what is owed when the change takes effect, the new interest rate and the amortization period described as follows:
  - The amortization period is the remaining actual amortization period just before the change takes effect. However, if that period is more than the remaining contractual amortization period for the term when the change takes effect, it's the latter.

You don't have to pay us an added charge. The terms of section 5.25 apply to this change.

5.14 Variable rate open term: *Increasing the instalment*.

5.14.1 **Your option to increase**. At any time during the term of the loan, you can prepay by asking us to increase the instalment by any amount. You don't have to pay us an added charge.

5.14.2 **Your option, after an increase, to lower the instalment**. After an increase under your option to increase the instalment, at any time during the term of the loan, you can ask us to lower the instalment. We don't have to lower the instalment if that would make the remaining actual amortization period after the change longer than the remaining contractual amortization period for the mortgage when you and we enter into the agreement to make the change.

5.14.3 **How we make the change**. When we increase or lower the instalment under this section 5.14, the terms of section 5.25 apply.

5.15 Variable rate open term: *Prepaying*.

Your option. At any time during the term of the loan, you can prepay all or part of what is owed. You can't prepay less than $100 at a time. You don't have to pay us an added charge. You don't have to tell us in advance that you want to prepay.

5.16 Variable rate open term: *Conversion*.

Your option. At any time during the term of the loan, you can ask us to convert the loan to any new kind of term that you choose as follows:

- The new term of the loan begins when the change takes effect.
- If you choose a fixed rate term, the interest rate is our posted interest rate for the new kind of term when you and we enter into the agreement to make the change.
- If you choose a variable rate term, the interest rate is our variable interest rate for the new kind of term.
- The instalment is based on what is owed when the change takes effect, the new interest rate and the amortization period described as follows:
  - The new interest rate is the interest rate described above but, if you choose a variable rate Protected term, it's the maximum interest rate when you and we enter into the agreement to make the change.
  - The amortization period is the remaining actual amortization period just before the change takes effect. However, if that period is more than the remaining contractual amortization period for the term when the change takes effect, it's the latter.

You don't have to pay us an added charge. The terms of section 5.25 apply to this change.

5.17 Variable rate Protected term: *Increasing the instalment*.

5.17.1 **Your option to increase by up to 20%**. Once in each calendar year, you can prepay by asking us to increase the instalment by up to 20% of the instalment just before the increase. If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year. You don't have to pay us an added charge.

5.17.2 **Your option, after an increase, to lower the instalment**. After an increase under your option to increase the instalment, at any time during the term of the loan, you can ask us to lower the instalment. We don't have to lower the instalment if that would make the remaining actual amortization period after the change longer than the remaining contractual amortization period for the mortgage when you and we enter into the agreement to make the change.

5.17.3 **How we make the change**. When we increase or lower the instalment under this section 5.17, the terms of section 5.25 apply.

5.18 Variable rate Protected term: *Prepaying*.

5.18.1 **Your option to prepay up to 20% a year**. You can prepay part of what is owed as follows:

- The total of what you prepay under this section 5.18.1 in any calendar year cannot be more than 20% of the original amount of the loan.
- You can't prepay less than $100 at a time.
- You can prepay in this way at any time during the year.
- If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year.
- You don't have to pay us an added charge.
- You don't have to tell us in advance that you want to prepay.
- You can't prepay under this section 5.18.1 if you've obtained a payout statement and it hasn't expired or been cancelled.

5.18.2 **Your option to prepay, with an added charge**. At any time during the term of the loan, in addition to your option to prepay 20% under section 5.18.1 (where you have that option), you can prepay all or part of what is owed, but you must at the same time also pay us an added charge of three months' interest on the amount that you're prepaying, at the interest rate when you prepay. See also section 5.26.2. You don't have to tell us in advance that you want to prepay.

5.19 Variable rate Flexible Below Prime term: *Increasing the instalment*.

5.19.1 **First three years: your option to increase by up to 20%**. During the first three years of the term of the loan, once in each calendar year, you can prepay by asking us to increase the instalment by up to 20% of the instalment just before the increase. If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year. You don't have to pay us an added charge.

5.19.2 **First three years: your further option to increase**. During the first three years of the term of the loan, after each increase in the interest rate, you can prepay by asking us to increase the instalment, so that the remaining actual amortization period after the change must not be shorter than the remaining actual amortization period just before that increase in the interest rate. You don't have to pay us an added charge.

5.19.3 **After three years: your option to increase**. At any time after the first three years of the term of the loan, you can prepay by asking us to increase the instalment by any amount. You don't have to pay us an added charge.

5.19.4 **Your option, after an increase, to lower the instalment**. After an increase under any of your options to increase the instalment, at any time during the term of the loan, you can ask us to lower the instalment. We don't have to lower the instalment if that would make the remaining actual amortization period after the change longer than the remaining contractual amortization period for the mortgage when you and we enter into the agreement to make the change.

5.19.5 **How we make the change**. When we increase or lower the instalment under this section 5.19, the terms of section 5.25 apply.

5.20 Variable rate Flexible Below Prime term: *Prepaying*.

5.20.1 **First three years: your option to prepay up to 20% a year**. During the first three years of the term of the loan, you can prepay part of what is owed as follows:

- The total of what you prepay under this section 5.20.1 in any calendar year cannot be more than 20% of the original amount of the loan.
- You can't prepay less than $100 at a time.
- You can prepay in this way at any time during the year.
- If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year.
- You don't have to pay us an added charge.
- You don't have to tell us in advance that you want to prepay.
- You can't prepay under this section 5.20.1 if you've obtained a payout statement and it hasn't expired or been cancelled.

5.20.2 **First three years: your option to prepay with an added charge**. At any time during the first three years of the term of the loan, in addition to your option to prepay 20% under section 5.20.1 (where you have that option), you can prepay all or part of what is owed, but you must at the same time also pay us an added charge of two months' interest on the amount that you're prepaying, at the interest rate when you prepay. You don't have to tell us in advance that you want to prepay.

5.20.3 **After three years: your option to prepay**. At any time after the first three years of the term of the loan, you can prepay all or part of what is owed. You can't prepay less than $100 at a time. You don't have to pay us an added charge. You don't have to tell us in advance that you want to prepay.

5.21 Variable rate Flexible Below Prime term: *Conversion*.

5.21.1 **First three years**. At any time during the first three years of the term of the loan, you can ask us to convert the loan to a fixed rate closed term as follows:

- The new term of the loan begins when the change takes effect.
- The new term of the loan ends no sooner than the end of the first three years of the old term.
- The interest rate is our posted interest rate for the new kind of term when you and we

enter into the agreement to make the change.

- The instalment is based on what is owed when the change takes effect, the new interest rate and the amortization period described as follows:
  - The amortization period is the remaining actual amortization period just before the change takes effect. However, if that period is more than the remaining contractual amortization period for the term when the change takes effect, it's the latter.

You don't have to pay us an added charge. The terms of section 5.25 apply to this change.

5.21.2 **After three years**. At any time after the first three years of the term of the loan, you can ask us to convert the loan to any new kind of term that you choose as follows:

- The new term of the loan begins when the change takes effect.
- If you choose a fixed rate term, the interest rate is our posted interest rate for the new kind of term when you and we enter into the agreement to make the change.
- If you choose a variable rate term, the interest rate is our variable interest rate for the new kind of term.
- The instalment is based on what is owed when the change takes effect, the new interest rate and the amortization period described as follows:
  - The new interest rate is the interest rate described above but, if you choose a variable rate Protected term, it's the maximum interest rate when you and we enter into the agreement to make the change.
  - The amortization period is the remaining actual amortization period just before the change takes effect. However, if that period is more than the remaining contractual amortization period for the term when the change takes effect, it's the latter.
  - You don't have to pay us an added charge. The terms of section 5.25 apply to this change.

5.22 Variable rate closed term: *Increasing the instalment*

5.22.1 Your option to increase by up to 20%. Once in each calendar year, you can prepay by asking us to increase the instalment by up to 20% of the instalment just before the increase. If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year. You don't have to pay us an added charge.

5.22.2 Your option, after an increase, to lower the instalment. After an increase under your option to increase the instalment, at any time during the term of the loan, you can ask us to lower the instalment. We don't have to lower the instalment if that would make the remaining actual amortization period after the change longer than the remaining contractual amortization period for the mortgage when you and we enter into the agreement to make the change.

5.22.3 How we make the change. When we increase or lower the instalment under this section 5.22, the terms of section 5.25 apply.

5.23 Variable rate closed term: *Prepaying*

5.23.1 Your option to prepay up to 20% a year. You can prepay part of what is owed as follows:

- The total of what you prepay under this section 5.23.1 in any calendar year cannot be more than 20% of the original amount of the loan.
- You can't prepay less than $100 at a time.
- You can prepay in this way at any time during the year.
- If you don't use this option in one year (or you don't use all of it), you can't save it (or the rest of it) for another year.
- You don't have to pay us an added charge.
- You don't have to tell us in advance that you want to prepay.
- You can't prepay under this section 5.23.1 if you've obtained a payout statement and it hasn't expired or been cancelled.

5.23.2 Your option to prepay, with an added charge. At any time during the term of the loan, in addition to your option to prepay 20% under section 5.23.1 (where you have that option), you can prepay all or part of what is owed, but you must at the same time also pay us an added charge of three months' interest on the amount that you're prepaying, at the interest rate when you prepay. See also section 5.26.2. You don't have to tell us in advance that you want to prepay.

5.24 Variable rate closed term: *Conversion*

5.24.1 Your option. At any time , you can ask us to convert the loan to a fixed rate closed term as follows:

- The new term of the loan begins when the change takes effect.
- The new term of the loan ends no sooner than the end of the old term.
- The interest rate is our posted interest rate for the new kind of term when you and we enter into the agreement to make the change.
- The instalment is based on what is owed when the change takes effect, the new interest rate and the amortization period described as follows:
  - The amortization period is the remaining actual amortization period just before the change takes effect. However, if that period is more than the remaining contractual amortization period for the term when the change takes effect, it's the latter.

You don't have to pay us an added charge. The terms of section 5.25 apply to this change.

5.25 Changes generally.

5.25.1 When a change takes effect. A change to the mortgage doesn't take effect until you and we enter into an agreement to make the change and the change takes effect under that agreement.

5.25.2 Credit requirements. We'll only make the change if, when the change is to take effect, our usual credit requirements are met. These include requirements for security and documents.

5.25.3 Requirements of others. Sometimes the loan may involve another person, for example, the insurer of an insured mortgage. We don't have to agree to the change if, when the change is to take effect, that person's requirements aren't met. If we agree, the change is subject to that person's requirements (including charges).

5.25.4 Conversion. We don't have to convert the loan to a kind of term that we're not offering when the change is to take effect.

5.25.5 Interest and loan. If we convert the loan to another kind of term and what is owed at the beginning of the new term of the loan includes any interest, the interest will be treated as part of the loan for the new term.

5.25.6 Effective date. We'll decide on what date the change is to take effect.

5.25.7 How often you pay a new instalment. Except for a change under section 5.2.1 or 5.2.2, a new instalment after a change will be paid as often as just before a change.

5.25.8 Payment of instalments after you prepay. After you prepay part of what is owed under section 5.7, 5.10, 5.15, 5.18, 5.20 or 5.23, the amount of the instalment doesn't change.

5.25.9 General terms. Sections 12.12 and 12.13 apply to an agreement under this section 5.25.

5.26 Added charge.

5.26.1 How we work out an added charge based on different interest rates.

5.26.1.1 General. When we base the added charge on different interest rates under section 5.10.2, we work out the added charge using the two interest rates described below. (For this reason, this added charge is also known as the "interest rate differential.") If the first interest rate is more than the second, this added charge is the interest, at a rate equal to the difference between the two interest rates, on the amount that you're prepaying, from when you prepay to the end of the term of the loan. If the second interest rate is more than the first, there's no added charge based on different interest rates, but there will be an added charge of three months' interest (unless it's reduced under section 5.26.2).

5.26.1.2 First interest rate. This is your existing interest rate when you prepay.

5.26.1.3 Second interest rate. We work out the second interest rate as follows:

A We start with our posted interest rate, when you prepay, for a fixed rate closed term that is closest in length to the time remaining in the existing term of the loan.

B Your existing interest rate may reflect a discount. To check this, we start with our posted interest rate for your existing kind of term when we made the advance or first advance. We compare it with your existing interest rate. If the first is more than the second, the difference is the discount.

C If there's a discount under B, the second interest rate is the interest rate under A less the discount under B.

Sometimes we work out the second interest rate to take into account any discount you received on either an old loan or the existing loan, or any increase to the interest rate of an old loan that you agreed to instead of paying us an added charge. This is so where you've carried terms of a fixed rate closed term loan to the existing loan without having to pay an added charge. It's so even if:

- you re-borrowed or we made a higher loan, for example, under section 5.3 or 5.12;
- the new loan is secured by a property you bought, for example, under section 5.11; or
- you carried the terms more than once.

5.26.2 Prepayment near the balance due date. If, within three months before the end of the term of the loan, you prepay all of what is owed, the added charge is the interest on the amount that you're prepaying from when you prepay to the end of the term of the loan.

6. Multi-unit and non-residential property.

6.1 **When this part applies.** This part 6 applies to a mortgage where, when the mortgage is entered into, any one or more of the following conditions is met:

- The property contains, or is to contain, seven or more dwelling units.
- A dwelling unit hasn't been built on the property. However, this paragraph doesn't apply where we intend advances under the mortgage to be used for building a dwelling unit or dwelling units on the property and the person who has the right to receive the advances is to live in it or at least one of them.

- A material part of the property is being used, or is intended for use, for a commercial or industrial purpose.

If we make a record showing whether any of the above applies, our record will be taken as true.

6.2 **Renewal**. Part 4 doesn't apply to the mortgage if this part 6 applies to the mortgage.

6.3 **Features generally**. Except as shown in sections 6.4 and 6.6, part 5 doesn't apply to the mortgage if this part 6 applies to the mortgage.

6.4 **Transfer**. If this part 6 applies to the mortgage, sections 5.5.1 and 5.5.2 apply.

6.5 **Prepaying under a fixed rate closed term**. If this part 6 applies to the mortgage, you have a fixed rate closed term, the term of the loan is longer than five years, and the mortgage wasn't given by a corporation, you can prepay all or part of what is owed at any time after the fifth year of the term of the loan, as follows:

- You must at the same time also pay us an added charge of three months' interest on the amount that you're prepaying.
- You don't have to tell us in advance that you want to prepay.

If this section 6.5 applies to the mortgage and, within three months before the end of the term of the loan, you prepay all of what is owed, the added charge is the interest on the amount that you're prepaying from when you prepay to the end of the term of the loan.

6.6 **Prepaying under a fixed rate open or variable rate term**. If this part 6 applies to the mortgage and you have a fixed rate open term, section 5.7 applies. If this part 6 applies to the mortgage and you have a variable rate open term, section 5.15 applies. If this part 6 applies to the mortgage and you have a variable rate Flexible Below Prime term, section 5.20.3 applies.

6.7 **Default**. If the mortgage is in default, you can't prepay under section 6.5 or 6.6.

7. Our security.

7.1 **You give us security**. Except where you have a leasehold interest in the property, you transfer the property to and to the use of us and our successors; you mortgage and charge the property to us; and you release all your claims on the property to us. We return the property to you when we discharge the security under section 7.8.

7.2 **What's included in the property**. The property includes fixtures on it when or after the mortgage is entered into. Without limiting this, you give us security over the things on the property that are listed below, and you agree that they are fixtures:

- Buildings, equipment, other structures, decks, fences or other improvements.
- A structure that's being used like a building, even if the structure is mobile or designed to be made mobile, or was wholly or partly made before being placed on the property.
- Equipment for heating, ventilating or air-conditioning, for example a furnace or air-conditioner.
- Equipment for supplying electricity, gas, hot or cold water or communications.
- Lighting equipment, including bulbs and tubes.
- Window or door screens; storm doors and windows; and window blinds, shutters and awnings.
- Antennas and similar equipment.
- Fire alarm systems and security systems.
- Driveway and sidewalk paving stones.
- Floor coverings, wall-to-wall carpets and fixed mirrors.
- Built-in appliances such as a stove or dishwasher.
- Where you rent out the property, an appliance usually provided by the landlord to a tenant in the property, such as a stove or refrigerator (and you must not, without our prior written consent, remove the appliance).

7.3 **Other rights**. You assign all of the following rights to us, whether they exist when or after the mortgage is entered into:

- The rights under every insurance policy covering loss of or damage to the property.
- The rights under every insurance policy covering loss of present or future income, rents or profits from the property.
- A right under a trust or other agreement relating to an insurance policy that covers loss of or damage to any part of the property, or loss of present or future income, rents or profits from the property.
- Every right of yours as landlord under a lease or tenancy of the property or part of it.
- Every right of yours as landlord to rent and other amounts payable under a lease or tenancy of the property or part of it.
- The related rights for the lease or tenancy, including a guarantee or indemnity, a security and a right to insurance.
- A right under a property claim, except a leasehold interest in the property.
- A right to repayment of a property tax.
- A right to have anyone fix a defect in the property or pay any loss you may suffer because of a defect, for example, a warranty on a new home.
- A right to a supply of services or materials for work or relating to work.
- The proceeds of the above rights.

This section 7.3 doesn't authorize you to enter into a lease or tenancy. Nor does it give the tenant priority over our security or create a relationship of landlord and tenant between a tenant and us.

7.4 **Nature of security**. Our security continues until we discharge it under section 7.8.

Our security isn't affected by a payment reducing the balance to zero.

7.5 **Registration**. You irrevocably authorize us, and anyone we authorize, to enter into and register for you an electronic document needed to register the mortgage.

7.6 **Our priority**. Our security has priority for what is owed over every interest in the property created in favour of another person after the mortgage was entered into. It has priority even if we advance the amount after the other person's interest in the property was created. It has priority even if an agreement with us for what is owed is entered into after the mortgage was entered into, and even if that agreement isn't registered. Every person acquiring an interest in the property must be taken to accept the terms of this section.

7.7 **Title obligations**.

7.7.1 ***Your ownership***. You promise that you own the property with a good title to it in fee simple free from any property claim or defect and that the title cannot be defeated. You promise that all property taxes that have become due have been paid.

7.7.2 ***Your power to give security***. You promise that you have the right, power and authority to mortgage the property to us.

7.7.3 ***Other promises***. You promise to protect your title to the property. You promise that you haven't done, omitted or permitted anything by which the property is or may be transferred, affected or made subject to a property claim, except for the mortgage. You promise that, if we're entitled under the mortgage to possess or enjoy the property, we'll have quiet possession or enjoyment of it free from property claims.

7.7.4 ***Description***. You promise that the property conforms to every description or plan given to us, and that it includes all buildings and improvements in every description.

7.7.5 ***Property claims we accept***. We accept that our security is subject to a property claim that exists when the mortgage is entered into, but only if we've signed a written consent to our security being subject to it, or it's described in the mortgage.

7.8 **Discharge**. When all of what is owed has been paid on the dates it was due and in accordance with the terms that apply to it, and if you duly comply with all of your obligations under the mortgage, we'll discharge our security and transfer back to you anything included in our security. Or, if we must transfer the benefit of all or part of what is owed and our security to someone else, we'll do so. The law may also give you another right to have us discharge our security called your equity of redemption. You must give us a reasonable time after payment to verify our records and complete the discharge or transfer. We can register the discharge or transfer; otherwise you're responsible for doing so. You must pay our costs for doing what this section 7.8 requires. These include the usual administration fee that we charge at the time and any registration fee we pay.

8. Further terms for a condominium.

8.1 **Definitions**. In this part 8:

- **Condominium law** is a condominium, strata, divided co-ownership or similar law, as amended or replaced.
- A **unit** is property that is a unit, lot or private portion governed by condominium law.
- A **complex** is the property that a unit is a part of.
- The **condominium rules** are the body of rules by which the complex or part of it is governed including, for example, a declaration, bylaw, resolution, regulation, rule or agreement, as amended or replaced.
- The **managing body** is a corporation, legal person, partnership, syndicate, trust, association or other body holding or managing the complex. It isn't the directors or a manager of the body.
- The **common expenses** are the share of the expenses, levies, reserves or contingency fund, assessments or other payments that condominium law or the condominium rules require you to pay to the managing body.

8.2 **How this part applies**. This part 8 applies where the property is a unit. All of the other terms of the mortgage apply, except where this part 8 says they don't apply.

8.3 **Our security**. Where section 7.1 or part 9 refers to the **property**, it means the unit. Section 7.1 or part 9 also applies to the rights in the complex that, under condominium law or the condominium rules, go along with the unit.

8.4 **Our added security**. You transfer to us the benefit of all your rights relating to the complex (except a right that is a leasehold interest in the property), whether they exist when or after the mortgage is entered into, and you irrevocably appoint us your attorney to exercise them. In particular, we can exercise your right to vote or consent, or to require or call a meeting. You must, if we ask, follow our instructions about how to exercise such a right.

8.5 **Common expenses**. You must pay all the common expenses when they're due. You must give us a receipt or other proof that you've paid them when we ask for it. When we pay a common expense, we can rely on a statement that appears to be issued by the managing body showing the amount of the common expense and the date it's due.

8.6 **Voting**. If we arrange for you to vote, at any time, we can cancel the arrangement. You must give us notice if you're asked to exercise the following rights and you must not exercise them without our consent:

- To vote on anything that requires more than a simple majority of those present at a meeting.

- To give a consent (as distinct from voting).
- To have any right of yours purchased, dealt with or changed.
- To receive assets or a payment from the managing body.

Without our written consent, you must not vote for any action that might reduce the value of your unit, the complex, or our security. You must comply with this section 8.6 even if we wouldn't have been able to exercise your right to vote. None of our rights under the mortgage is impaired because we voted for or consented to anything, or gave you instructions to do so.

8.7 **Insurance**. We have the rights as to insurance under sections 7.3 and 10.1 and where they refer to the **property**, they mean the unit and parts of the complex other than units. However, you don't have to insure parts of the complex where the managing body's insurance covers them and, where it doesn't, your insurance against loss or damage to parts of the complex other than units need only be for your share of the cost of replacing them.

8.8 **Maintaining and replacing the property**. Where you're responsible under the condominium rules for repairing or replacing your unit or a part of the complex, you must keep it in good repair and working order, and (subject to section 10.1.5) restore or replace it where it can't be repaired.

8.9 **Condominium obligations**. You must comply with all of your obligations under condominium law and the condominium rules. You must give us any proof of compliance that we request. You must not do anything that materially increases your obligations under condominium law and the condominium rules. If we ask, you must exercise your rights to have the managing body, or holders of other units, comply with their obligations under condominium law and the condominium rules.

8.10 **Notices and information**. You must give the managing body and others notice of our security in a way that protects our right to vote, our rights in insurance and our other rights. If we ask, you must forward to us a copy of notices, assessments, bylaws, financial statements and the condominium rules that you receive from the managing body. If we ask, you must give us any information or document that you're entitled to obtain from the managing body. You authorize us to obtain any information or document from the managing body.

8.11 **Our costs**. You must pay us our costs of enforcing a right to have the managing body or another owner comply with condominium law or the condominium rules, or of exercising our rights to vote or consent.

8.12 **Immediate payment**. If we choose, all of what is owed (including amounts that haven't become due) must be paid immediately if any of the following things happens:

- The managing body fails to comply with a material obligation under condominium law or the condominium rules.
- A court makes a judgment or order against the managing body.
- The managing body, in our opinion, materially fails to manage the complex in a prudent manner.
- A court appoints an inspector, administrator or similar officer under condominium law.
- The managing body becomes bankrupt.
- Substantial work is started on the complex, or there is a substantial increase in the common expenses or a substantial decrease in the services that the managing body provides, or a step is taken for any of those things.
- There is a material change to any of the condominium rules, or a step is taken for that.
- There is substantial damage to the complex.
- The complex or part of it ceases to be governed by condominium law or the condominium rules, or is sold or expropriated, or the managing body is amalgamated, or the condominium is terminated, or a step is taken for any of those things.

9. Further terms for leasehold property.

9.1 **Where and how this part applies**.

9.1.1 Where you have a leasehold interest in the property, you give us security in the ways set out in this part 9, and we don't have to comply with your obligations under your lease. **Lease** means your lease as it may have been or be amended or replaced.

9.1.2 All terms of the mortgage apply where you have a leasehold interest in the property, except sections 7.1 and 7.7, and except where they say that they don't apply in sections 7.3 and 8.4.

9.2 **Our security over the leasehold interest**.

9.2.1 You give us security over the leasehold interest in the following ways:

9.2.1.1 You mortgage or charge the leasehold interest to us, except where the effect of doing so would be to assign the leasehold interest to us.

9.2.1.2 Where the effect of your mortgaging or charging the leasehold interest to us would be to assign the leasehold interest to us:

- You sublease the property to us for the rest of the term of the lease, except the last day of the term.
- You must hold the leasehold interest in trust for us, and dispose of or deal with the leasehold interest as we choose. At any time, we can appoint anyone as a

trustee in your place, and use every power that the law gives to a person who appoints a trustee in order to transfer the leasehold interest to this trustee.

9.2.2 Where part 11 refers to anything covered by our security, it includes the leasehold interest. For example, if the mortgage goes into default, we can sell, dispose of or become the holder of the leasehold interest or the sublease under section 9.2.1.2. We can do whatever is needed under this part 9 to give effect to this.

9.3 **Our security over other rights**. You transfer to us every right of the tenant under the lease other than the leasehold interest. For example, you transfer to us the benefit of any option to renew the lease or any option to purchase the property.

9.4 **Title obligations**.

9.4.1 ***The leasehold interest***. You give us the following promises:

- You hold the leasehold interest with a good leasehold title free from any property claim or defect and the title cannot be defeated.
- You are absolutely entitled to every other right of the tenant under the lease free from any property claim or defect.
- All property taxes that have become due have been paid.
- The lease conforms to every description given to us and hasn't been changed.
- The person that created the lease had a good title to the property, free from property claims and defects.
- The lease is good, valid and in force.
- Your obligations under the lease have been complied with.

9.4.2 ***Your power to give security***. You promise that you have the right, power and authority (including any required approval or consent) to give us security over the leasehold interest, and over every other right of the tenant under the lease, in the ways shown in this part 9.

9.4.3 ***Other promises***. You promise to protect your title to the leasehold interest and every other right of the tenant under the lease. You promise that you haven't done, omitted or permitted anything by which they are or may be transferred, affected or made subject to a property claim, except for the mortgage. You promise that, while we're entitled under the mortgage to possess or enjoy the property, we'll have quiet possession or enjoyment of it free from property claims.

9.4.4 ***Description***. You promise that the property conforms to every description or plan given to us, and that it includes all buildings and improvements in every description.

9.4.5 ***Property claims we accept***. We accept that our security is subject to the lease, and we accept that our security is subject to a property claim, only if we've signed a written consent to our security being subject to it or it's described in the mortgage.

9.5 **Responsibilities for the lease**.

9.5.1 You must pay every amount payable by the tenant under the lease when it's due, and comply with every other obligation of the tenant under the lease. You agree that nothing will be done or omitted under the lease that might impair the leasehold interest or our security. You must do what this section 9.5.1 requires, even where the landlord hasn't enforced a right. For example, you must pay rent on time, even if the landlord has given you extra time to pay.

9.5.2 Without our written consent, you must not do any of the following:

- Terminate or agree to terminate the lease.
- Agree to change a term of the lease
- Do anything that gives the leasehold interest to the landlord, or frees the property from the lease. For example, you must not surrender the lease to your landlord.

9.6 **Renewal or extension**. Where you have a right to renew or extend the lease, you must exercise the right and do everything needed to obtain the new lease or extension, and you must satisfy us before the right expires that you will do so. If you receive a new lease of the property or part of it (under a right or not), you must give us security over the new lease. If you extend the lease and we have a sublease under section 9.2.1.2, our sublease is extended for the rest of the extended term of the lease, except the last day of that term.

9.7 **Landlord's interest**. Where you become the holder of the landlord's interest under the lease as well as your leasehold interest, your leasehold interest continues to exist.

9.8 **Power of attorney to us**. You irrevocably appoint us as your attorney to do for you everything that this part 9 requires you to do.

10. Other responsibilities.

10.1 **Insurance**.

10.1.1 ***Main insurance***.

- ***All risks***. You must keep every building and every other improvement on the property, including property in which you have a leasehold interest, insured against loss or damage by the risks usually covered by an "all risks" policy with standard extended coverage, including fire, lightning and tempest. Your policy must at least be for the cost of replacing all of the building or improvement with a similar one. It must also be for enough to prevent the insurer from reducing the proceeds under a "co-insurance" clause. The policy must contain a standard mortgage clause saying that the proceeds of any loss are payable to us.

- ***Usual insurance***. You must also carry the insurance for all of the property that a careful owner would usually carry when insuring a similar property and using it in a similar way and place.

10.1.2 ***Other kinds of insurance***.

- ***Boiler, machinery, builders' risks etc***. Where a risk caused by anything (for example, a boiler, machinery, a sprinkler system or plate glass) or an activity (for example, building work) on the property isn't covered by the "all risks" policy, you must insure the property against losses usually covered by a policy on that risk.
- ***Rents etc***. Where the property is leased to others, your insurance must cover your loss of rents and payments by tenants towards costs for at least a year.
- ***Public liability***. You must also insure against general public liability.
- ***Other***. You must also carry insurance against any risk relating to the property that we ask you to carry.

10.1.3 ***Other requirements***. All insurance under the mortgage must be with a reputable insurer. If we ask, the insurer, amount and terms must be accepted by us. The policy must provide for us to receive at least 15 days' notice before the policy is not renewed, is cancelled or is materially changed.

10.1.4 ***Your other obligations***. You must promptly pay the premiums for all insurance required under the mortgage. You must comply with all of your obligations under each policy. You must comply with all of the terms relating to your right to collect under each policy. You must ensure that we receive a certified copy of each policy and every amendment to it. When a policy nears expiry, you must ensure that we receive proof that it has been renewed or replaced at least 15 days before its expiry. When a policy is to be cancelled, you must ensure that we receive proof that it has been replaced at least 5 days before it's cancelled. If we ask, you must provide us with a receipt for the premium and other proof that you're complying with your obligations under each policy.

10.1.5 ***Claims***. If any of the property that is insured is lost or damaged, you must immediately notify us, make a claim in accordance with the insurance policy, and ensure that the proceeds are paid to us. Despite the loss or damage, you remain liable under your obligations to us. For example, you must pay in accordance with the terms that apply to what is owed. Without our written consent, you must not restore or replace property that has been lost or damaged.

10.1.6 ***Proceeds***. We can choose to have proceeds of insurance against loss of or damage to property (including insurance for loss of income) applied in any of the following ways:

- To reduce or pay what is owed (even, if we choose, amounts that may not then have become due).
- To restore or replace the property.
- To be paid to you (or anyone else who has a right to them).

We can choose to have proceeds applied partly in one of the above ways and partly in another. This section doesn't impair our right to hold proceeds and use them to pay instalments as they become due.

10.1.7 ***Our right to insure***. If you don't comply with any of your obligations under this section 10.1, we can arrange any insurance that we choose in order to protect our security.

10.2 **Property taxes**.

10.2.1 ***Generally***. Except where we pay property taxes under section 10.2.2, you must pay all property taxes when they're due. We can choose not to collect regular payments of property taxes under section 10.2.2. When we choose not to collect regular payments, we can later choose to collect them.

10.2.2 ***Your paying property taxes by regular payments***.

10.2.2.1 ***Taxes due before the interest adjustment date***. When we make the loan, you must pay unpaid property taxes that are then due, or that will become due on or before the interest adjustment date. We can use part of the loan to pay those taxes.

10.2.2.2 ***General rules for regular payments of taxes***. After the interest adjustment date, if we ask, you must pay us regular payments of property taxes. We'll estimate the amount we want to hold to pay the propert[illegible]es (but it won't be more than we'll need [illegible] the taxing authority over its next finan[illegible]ar). You must pay the estimate by equal regular payments on the dates on which the instalments are payable. We can choose to fix the regular payments once a year even if we pay the taxes more often. If the actual property taxes are more than our estimate, you must also pay the difference to us. We can choose to increase the regular payment of property taxes to cover it or add the difference to your loan.

10.2.2.3 ***Property tax account***. We deposit the regular payments of property taxes in a separate property tax account. We'll pay property taxes even if we have to overdraw this account. While this account is overdrawn, you must pay us interest on the overdraft at the interest rate for the loan. At any time, you may pay off the overdraft. Our security secures the overdraft and the interest. We don't hold regular payments of property taxes in trust.

10.2.2.4 ***Our paying the property taxes***. We'll use the regular payments of property taxes to pay the property taxes. If we collect regular payments for one kind of property tax (and not another), we'll use the regular payments only to pay that kind of property tax. If the mortgage goes into default, we can use any amount in the property tax account to reduce whatever part of what is owed we choose. We can do so even where we were to have paid property taxes, but haven't then actually paid them.

10.2.2.5 ***Property tax information***. You must send us all assessments, bills and other notices about the property taxes as soon as you receive them. If we ask, you must have the body to which the taxes are payable send them to us.

10.3 **Property claims**.

10.3.1 Unless we give our written consent, you must not create or attempt to create a property claim that is prior to our security or has the same priority as our security, and you must keep the property free from such a property claim.

10.3.2 You must pay every amount payable by you, when it's due, under a property claim that is prior to our security or has the same priority as our security. You must comply with every other obligation of yours under that claim. Where section 10.3.1 requires it, you must also get our written consent to the claim. You agree that you will not do, omit to do or permit anything that might lower the value of the property or impair our security, and you will not agree to do, omit to do or permit those things.

10.4 **Repairing and replacing the property**. You must put and keep every part of the property in good repair and working order, and (subject to section 10.1.5) you must restore or replace it where it can't be repaired.

10.5 **Alterations or additions**. Without our written consent, you must not do any of the following things (even if they were proposed or in progress when the mortgage was entered into):

- Make or permit a structural alteration to any part of the property.
- Make or permit a material alteration or addition to any part of the property.
- Remove any machinery or equipment that serves a building on the property.
- Demolish a material part of a building on the property.
- Do or permit anyone else to do anything that lowers the value of the property.

10.6 **Work**. Where you do work, you must comply with the following obligations:

- You must choose, design and do the work with materials and in a way that ensures a high quality result, and with proper skill and care.
- You must conform to any plan or other description that we may have approved.
- You must do the work with reasonable speed until it's completed, and you must not abandon it. We can treat you as having abandoned it if no work is done for ten days.

Where section 10.5 requires it, you must also get our written consent to the work.

10.7 **Laws about property claims for work**. You must comply with laws that give property claims to those who do work (for example, a construction, renovation, builder's or mechanic's lien or claim). If a property claim for work is registered against the property, if we ask, you must immediately have it removed, by court order if necessary.

10.8 **Use of the property**. Without our written consent, you must not make a major change in the use of the property, abandon the property or leave the property unoccupied or unused.

10.9 **Legal requirements, including environmental**. You must ensure that the property, the use of the property, and any business or activity that uses the property, comply with every law. Here law includes a governmental action, such as an order, notice or approval. You must do any work and make any change in use needed for this purpose. For example, the property must comply with the building code; your use of it must comply with environmental laws; and if you rent it, the rent must be legal. You must not put or allow anyone else to put anything in or on any part of the property that causes or is likely to cause harm to the life or health of a human being.

10.10 **Our rights to inspect, test and obtain information**. We can, at any time and for any purpose, before or after the mortgage goes into default, do the following:

- Enter the property and inspect it.
- Make an appraisal or valuation of it.
- Take samples from it and conduct environmental testing of it.
- Monitor any activity on it.

We can authorize anyone to do these things for us. Where a person has done any of the things for you, you consent to the person doing them for us or giving us any information. You must give us, and anyone we authorize, any information about the property that you have or can reasonably obtain and that we request. If we ask, you must let us see and copy any records for the property. You must pay us our costs for exercising our powers under this section 10.10. For an insured mortgage, the insurer also has the rights given to us under this section 10.10.

11. Default.

11.1 **When the mortgage goes into default**. If any of the events listed below occurs, the mortgage goes into default. It does so even if the cause of the event is outside anyone's control. If there is more than one of you, it does so even if the event applies only to one of you. The events are:

11.1.1 A payment of what is owed or any part of what is owed (including an instalment) isn't made when it's due. This applies whether the payment is due on a fixed date or on demand.

11.1.2 Any obligation to us under the mortgage isn't complied with.

11.1.3 Any promise made to us for the mortgage is broken or any information given to us for the mortgage isn't materially true or correct, whether or not you knew it was untrue or incorrect.

11.1.4 A government acquires all or part of the property, or anyone else does so under a statutory power.

11.2 **Immediate payment**. If the mortgage goes into default, all of what is owed (including amounts that haven't become due) must, if we choose, be paid immediately.

11.3 **Action to collect**. If the mortgage goes into default, we can take legal action to collect what is owed. If we get a judgment against you, we can have other assets of yours used to pay what is owed.

11.4 **Possession**. If the mortgage goes into default, we can take possession of anything covered by our security.

11.5 **Collecting income**. If the mortgage goes into default, we can collect rents or income from anything covered by our security.

11.6 **Leases**. If the mortgage goes into default, we can give a lease of the property, or we can terminate a lease, accept a surrender of a lease or agree to amend a lease.

11.7 **Sale**. If the mortgage goes into default, we can sell or dispose of anything covered by our security without going to court. We can also ask a court to order a sale of the thing. If the property is sold and what we receive falls short of what is owed, we can still collect the shortfall from you.

11.8 **Division**. If the mortgage goes into default and any person other than you also has an interest in anything covered by our security, we can agree with that person to acquire their interest or to divide the thing between the persons who have interests in it. We can pay or receive an amount for this purpose.

11.9 **Exercising your powers**. If the mortgage goes into default, we can exercise all the powers of an owner of anything covered by our security, and you're bound by our actions. These powers include the following:

- Managing and operating the property.
- Doing or completing work.
- Taking legal proceedings relating to the property.

11.10 **Becoming the holder of your interest**.

11.10.1 If the mortgage goes into default, we can become the owner of anything covered by our security, free from any right of yours. We have the power even though the mortgage gives us the power to sell the thing.

11.10.2 We become the holder of your interest by foreclosing, that is, by taking a proceeding to cancel your right to discharge our security by paying off what is owed. We have the right to foreclose in the same way as if you had transferred the property to us subject to section 7.8.

11.11 **Carrying out obligations**. If the mortgage goes into default, we can do any of the following:

- We can do what's needed to comply with an obligation under the mortgage with which you've failed to comply and we can enter the property for this purpose. For example, we can pay unpaid property taxes, pay utility charges, repair the property and complete work. If we enter into an agreement, we can do so in your name or our name.
- If your obligation under the mortgage is to comply with an obligation to another person, and the other person claims that you haven't complied, we can do what we choose to comply as if this claim is valid and even if you dispute it.
- We can pay (or prepay) an amount under a property claim if it has priority over our security, or has the same priority. When we prepay, we can compensate the holder of the property claim, and settle with the holder the amount to be paid. If we pay the amount under a property claim, we not only have the rights given to us by the mortgage, but we also have the rights (including security) of the holder of the property claim, and we can obtain an assignment of these rights.

11.12 **Things left on the property**. If the mortgage goes into default and if there is anything on the property over which we don't have security under the mortgage, you must pay any costs we incur for handling or storing it. We can remove it from the property, or we can sell it.

11.13 **Our exercising a power**. When we exercise a power of ours under the mortgage, the following terms apply:

11.13.1 We can exercise the power over all or part of anything covered by our security or over any interest in all or part of anything covered by our security. For example, we can sell a fixture separately from the property and give the buyer the right to remove it. If we exercise the power over part of anything covered by our security or over less than all of your interest, the rest continues to be subject to our security for what is owed and unpaid, and we can exercise the power over the rest when we choose.

11.13.2 We can exercise the power to recover part of what is owed. If we do, our security continues for the rest of what is owed, and we can exercise a power for the rest when we choose. For example, we can lease to recover only arrears of what is owed, and later sell to recover the rest.

11.13.3 We can exercise the power in any way and do anything relating to the power. For example we can exercise the power:

- Without your consent or cooperation.
- By breaking locks and bolts.
- Where we haven't taken possession of the property.
- By having others do things for us.
- By acquiring things, for example, materials or equipment to complete work.
- By entering into a sale, lease or other transaction on any terms, for example, by private agreement, by public auction or by public tender, and for cash or on credit. Selling on credit includes, for example, where we transfer the property and take security for the unpaid price. If we sell on credit, we needn't account for the proceeds until we receive them.
- At an auction, by setting a reserve price or buying in, and re-selling.
- By entering into an agreement to enter into the transaction, bringing an agreement to an end, entering into a new agreement or amending an agreement.

We can exercise the power whenever we wish. For example, we don't have to delay selling until market conditions improve.

11.13.4 We can transfer or deal in any other way with every interest in anything covered by our security that you had the power to dispose of or deal with. You irrevocably appoint us as your attorney to do anything we decide is needed or desirable to exercise a power at any time under this part 11.

11.14 **Other terms relating to our powers**.

11.14.1 ***Legal powers***. Where a power that the mortgage gives us goes beyond what is permitted by a law that applies despite what you and we have agreed to, we have the power as far as that law permits, or the power is subject to our complying with that law. Subject to such a law, we can exercise any power under the mortgage without giving any notice or taking any other step.

11.14.2 ***Our rights***. Our rights under the mortgage or this part 11 aren't exhaustive. We have the rights given to us by the mortgage, any other agreement, or the law. We can exercise those rights at any time, at the same time, in any order and as often as we choose.

11.14.3 ***Use of proceeds***. We'll use proceeds we receive from enforcing the mortgage first to pay or reduce costs under section 2.8. We can then use them to pay any part of the rest of what is owed and secured in whatever way we decide.

11.14.4 ***Effect of our obtaining a judgment***. If we obtain a court judgment, it doesn't supersede or impair any right of ours under the mortgage. We continue to be entitled to interest on what is owed, calculated and payable under the terms of the mortgage.

11.15 **Protection of persons who deal with us**. When we sell, give a lease, collect income, exercise a right, or do anything else under the mortgage, the following terms apply:

11.15.1 A person dealing with us and any person taking title through that person can assume without inquiry that the transaction is legal, that the mortgage has gone into default (if our power depends on that), and that we're using the power properly. The person isn't affected by any fact to the contrary, even if the person actually knows of that fact. The person can pay an amount to us without being concerned about what we do with it.

11.15.2 In addition, a statutory declaration by an officer or employee of ours or a certificate by us as to any fact is conclusive evidence in favour of every person referred to above.

11.15.3 You must not make any claim against a person who deals with us, or anyone taking title through that person, because the transaction doesn't conform to other terms of the mortgage. If you do have a claim for anything done by us, it's restricted to a claim for compensation against us, and is subject to section 12.9.

12. Other terms.

12.1 **Effect of the mortgage**. Our preparing or accepting the mortgage doesn't put us under an obligation to lend; our lending under the mortgage doesn't put us under an obligation to lend more; and neither adds to any obligation we may have. The mortgage and our security take effect when the mortgage is entered into, even if we don't make an advance at that time, and even if we don't comply with an obligation to make an advance.

12.2 **Effect of the law or another transaction, including a commitment letter**. The mortgage adds to any other right of ours. Nothing in the mortgage takes away or reduces any other right of ours under any law or other transaction. Nothing in any other transaction between you and us takes away or reduces our rights under the mortgage. If there is a conflict between the mortgage and another transaction, it must be resolved to give us the better rights. Subject to the above, the terms of a commitment or other agreement for what is owed continue in force.

12.3 **Effect of your selling or dealing with the property**. Subject to section 5.5.3, if you sell or deal in any other way with the property or part of it, that doesn't change a liability of yours under the mortgage, and our rights against you or anyone else or the property aren't impaired. Nothing that we do in connection with a sale or dealing impairs our rights. This includes our approving an assumption, having a person who receives the transfer agree with us to comply with the mortgage, or having a person give us a guarantee.

12.4 **Effect of a subdivision of the property**. If any of the property is divided into a lot, condominium unit or other part, every part of the property secures all of what is owed. This applies whether the division exists when the mortgage is entered into, or takes place after then. What is owed can't be split among parts of the property. You don't have a right to a discharge of a part of the property in return for paying part of what is owed.

12.5 **Effect of dealings**. A dealing by us or failure by us to deal with anyone or with any right or security doesn't release or impair a right of ours. This is so even though you may not know of or consent to the dealing, whatever are the terms on which we act, and even if we receive nothing in return. For example, subject to section 5.5.3, if we renew the loan with a new owner after a transfer of the property, that doesn't change a liability of yours under the mortgage.

12.6 **Effect of our delay or of our waiving rights**. If we delay enforcing a right of ours under the mortgage or any other agreement, if we waive a right, or if we don't exercise the right, we don't lose or impair that right or any other right. If we waive a breach of any obligation of yours under the mortgage or any other agreement, we don't lose a right of ours for a continuing, other or future breach of that obligation or any other right.

12.7 **Your liability**. Where more than one of you is liable for an obligation under the mortgage, both or all of you are jointly and severally liable (which means you're liable individually and together).

12.8 **Invalid or unenforceable terms**. If any of the terms of the mortgage is or becomes invalid or unenforceable, that doesn't make the mortgage or other terms invalid or unenforceable.

12.9 **Our protection**.

12.9.1 Even if our security gives us the benefit of a right of yours, we aren't bound to exercise that right, to comply with an obligation as to it or to protect your right. If we are or become liable under our security for an obligation of yours to anyone else, you must pay any loss we suffer caused by a claim against us. Our security doesn't relieve you from your obligations. Where we exercise a right over something covered by our security, without taking possession of the thing, we aren't in possession of that thing. The right or exercise doesn't mean that we have an obligation to you or anyone else based on possession, management or control of anything covered by our security. We need only account for amounts we actually receive under the right.

12.9.2 Nothing we do relating to the mortgage puts us under a duty of care towards you. You should not rely, for example, on our making the loan as showing the value of the property, on our requiring insurance as showing that it's appropriate, or on an inspection as showing that the property is without defect.

12.9.3 We aren't liable for loss caused by our enforcing the mortgage or exercising a right under the mortgage, unless the loss was caused by our wilful neglect or default. If we become liable to anyone else through our enforcing the mortgage or exercising a right under the mortgage, you must pay any loss we suffer caused by a claim against us, unless the loss was caused by our wilful neglect or default.

12.10 **Notices or other communications**.

12.10.1 ***How we can give a notice or communication***. Where the mortgage requires or allows us to give a notice to, or to communicate in any other way with, any person (including you), we can give the notice or communicate in any of the following ways, as we choose:

- We can mail it by prepaid mail addressed to the person at the person's mailing address shown in our records, by ordinary, registered or other mail.
- We can leave it at the person's address shown in our records, or on any part of the property, with an adult person there or in a place where it should reasonably be seen.
- We can advertise it in a newspaper published or generally read in the area where any part of the property is situated.
- We can provide it in an electronic form (including fax) to any person. You and every other party to the mortgage consent to our providing it in this way.

12.10.2 ***When received***.

- A notice or communication mailed as set out above is regarded as received on the third business day after it was mailed, whether the person actually receives it or not.
- A notice or communication left or advertised as set out above is regarded as received when it's so left or published.
- A notice or communication sent by electronic form (including fax) on a business day and before 3 p.m. in the place from which it's sent is regarded as received on that day. After 3 p.m., it's regarded as received on the next business day after it was sent.

A business day is any day other than a Saturday, Sunday or public holiday in the jurisdiction in which the property is located.

12.10.3 ***Addressee***. A notice or communication is valid even though it isn't addressed to anyone by name or description. It's also valid even though the person affected by it isn't known, hasn't been identified or is under a disability.

12.10.4 ***Who is entitled to a notice or communication***. Where the mortgage requires or allows us to give a notice to you or communicate with you in any other way, the notice or communication is valid if we give or make it to a person then shown by our records to be an owner of the property or of the interest in the property that's covered by our security. Where there is more than one owner, the notice or communication is valid if we give or make it to either or any of them.

12.11 **We can transfer the mortgage**. The mortgage binds and benefits a successor or assignee of ours. We can transfer what is owed and our security. The transfer doesn't impair an obligation to pay what is owed or our security.

12.12 **Changes to the mortgage**.

12.12.1 ***Terms of a later agreement***. When you and we agree to make a change to the mortgage, this section 12.12 and section 12.13 apply to that agreement. We can choose to have the agreement not take effect until you've complied with this section 12.12.

12.12.1.1 ***Information***. You must give us the information we need to decide on the change.

12.12.1.2 ***Security***. We must be satisfied that our security covers the change. If we ask, the agreement making the change must be registered. If anyone else has acquired a right in the property and we ask, you must have the right postponed to our security.

12.12.1.3 ***Costs***. You must also pay us our costs for the change, including the usual administration fee that we charge at the time (see section 2.8).

12.12.2 ***Effect of a later agreement***.

12.12.2.1 An agreement changing the mortgage doesn't pay off the loan or make the loan into a new loan, but merely changes the terms of the mortgage (and there's no novation). The changes become part of the mortgage. For example, the loan continues even if it has a different kind of term. Except where the agreement provides otherwise, the terms of the mortgage continue and apply to the loan as changed, and all security secures the loan as changed. If interest that's owing is treated as part of the loan under the agreement, that doesn't impair our priority. The agreement adds to our rights and doesn't take away or lessen a right that we have and we reserve those rights.

12.12.2.2 Where the agreement extends the term of the loan, it changes the date of the mortgage to the effective date of the agreement. This means that, if section 10 of the Canada *Interest Act* or a similar law gives you a right to prepay with an added charge of three months' interest, you don't have that right until five years after the new date. Section 10 of the Canada *Interest Act* and similar laws don't apply to a mortgage given by a corporation.

12.13 **Informal agreement or consent and electronic information, documents or disclosure**.

12.13.1 In this section 12.13, an informal agreement or consent is one that isn't on paper and signed, for example, one that's made or given orally; through pressing phone keys; in an electronic way (for example, by e-mail); or by a person acting on the agreement. In this section 12.13, "electronic" includes created, recorded, transmitted or stored in digital form or in other intangible form by electronic, magnetic or optical means, or by any other similar means that can create, record, transmit or store.

12.13.2 You agree that we can act on an informal agreement between you, us, a spouse, a guarantor or anyone having rights similar to those of a spouse, or on a consent by you, a guarantor, a spouse or anyone having rights similar to those of a spouse and, if we do, you and we are bound by it. We don't have to enter into an informal agreement or act on an informal consent. If we enter into an informal agreement, we can confirm the identity of a person agreeing and we don't have to act on the agreement until we've done so. You consent to our using, providing or accepting information or a document in an electronic form. We don't have to use, provide or accept information or a document in an electronic form.

12.13.3 We can make a record of an informal agreement or consent (for example, by recording a phone call) and we can use the record to prove the informal agreement or consent. We can make a record of information or a document that we use, provide or accept in an electronic form (for example, by saving it electronically) and we can use the record to prove the information or document.

12.13.4 Where we act on an informal agreement or consent, we can send a written confirming agreement or consent to you, and you must have it promptly signed and returned to us. We can terminate an informal agreement, if we think that it wasn't made with a person who should have been a party, wasn't consented to by a person who should have consented or isn't clear.

12.13.5 You consent to any future disclosure being provided by electronic means in an electronic form that you can retrieve and retain, or by fax.

12.14 **Power of attorney**. Where under the mortgage you give us a power to do something, you irrevocably appoint us as your attorney to do the thing. Where under the mortgage you appoint us as your attorney to do something, you also irrevocably appoint anyone we authorize as your attorney for the same purpose.

12.15 **Further actions**. When we ask, you must complete documents, or take other actions, that we think are necessary or desirable to carry out the mortgage and its intent, and you must pay your and our costs for that. When you are to give us security, you must do so in the same way as the mortgage gives us security.

12.16 **Law**. The mortgage is governed by the law of the jurisdiction in which the property is located, including the federal law in force in that jurisdiction.

12.17 **National Housing Act**. If the mortgage is an insured mortgage under the Canada *National Housing Act*, the mortgage is made pursuant to that Act.

13. Guarantee.

13.1 **Definitions**. This part 13 is addressed to the person (or each person) who agrees to this document as a guarantor, and refers to that person as you and to a person who is to pay the guaranteed amounts as the **borrower**.

13.2 **Your guarantee**. You unconditionally guarantee to us that all of what is owed, being all of the amounts listed in section 2.1, will be paid, and you guarantee that all of the other obligations of the borrower (or every borrower, if there is more than one) under the mortgage will be complied with. You agree that if any amount in section 2.1 isn't paid, you will pay it. Your guarantee continues even if the borrower becomes bankrupt or insolvent, or is discharged in a bankruptcy or other proceeding. A limit on the amount secured by the security doesn't limit your guarantee.

13.3 **Your liability**. Your guarantee also makes you liable as if you were the borrower. This section 13.3 doesn't impair our other rights under this part 13.

13.4 **Defects in borrower's obligations**. If we act on the basis that an obligation that you've guaranteed exists and anything causes it not to exist, this part applies as if the obligation had existed. This applies to the following, for example:

- A borrower lacks power to enter into an obligation, doesn't have authority to exercise a power or doesn't exercise the power properly.
- Anyone purporting to act on behalf of a borrower lacks authority or is fraudulent.

This section 13.4 applies even if we didn't inquire about these things or we were negligent, but it doesn't apply if we actually knew the obligation did not exist.

13.5 **Effect of dealings**. A dealing by us or failure by us to deal with a borrower or anyone else, or with any right or security, doesn't release you or impair your liability. This is so even if you don't know of or consent to the dealing, however we act, and even if we're unwilling to act, we receive nothing in return, we don't take care, or we're at fault in any other way. If the dealing changes or replaces what is owed, your guarantee applies to the changed obligation or replacement. Some examples are:

- We give more time to comply with what you guarantee, or we give any other waiver.
- We agree to change or replace what is owed.
- We release any person from a liability, even if the person is another guarantor with whom you were jointly and severally liable.
- We release a security, or all or part of the property from the mortgage or other security.
- We don't have, protect or take the benefit of a right against anyone, or under a security.
- We accept a part payment or any other settlement of what you guarantee.
- We agree to change a security, or an obligation of another person
- We renew the loan, even if other terms are changed (for example, the interest rate is increased or the amortization period is lowered).
- Subject to section 5.5.3, we approve a new owner of the property or deal with a new owner after a transfer of the property (for example, we renew the loan).
- We take other rights such as security or a guarantee.
- If a borrower is a corporation and the corporation is changed or amalgamated, your guarantee covers what is owed by the changed or amalgamated corporation.

Our rights against you aren't impaired if the borrower sells or deals in any other way with the property or part of it.

13.6 **Enforcing the guarantee**. Until we've received all of what is owed, you don't have a right to be subrogated to any of our rights, that is, you cannot take the benefit of any of our rights. We can enforce your guarantee before we enforce our rights against the borrower or anyone else, or under any security. You must pay us our costs for enforcing the guarantee.

13.7 **Other terms**. You agree to the following terms.

- Your guarantee continues until we release you from it in writing.
- Where more than one person has a liability under this part 13, both or all of them are jointly and severally liable (which means that they're liable individually and together).
- You agree to the terms of section 12.13 as if you were the borrower.
- No information or promise that we may have given to you affects your liability under your guarantee.
- Your guarantee adds to any other guarantee or security we may have or receive.
- Although you agree to this document as a guarantor, your guarantee is a separate agreement between you and us; it's not part of the agreement between the borrower and us.
- Your guarantee binds an heir, executor, administrator or similar representative of yours and a successor of yours. Your guarantee benefits a successor or assignee of

ours, even if you weren't told about the successor or assignee.

- You agree that we would not have entered into the mortgage without the guarantee.

Dated the 11th day of December, 2008
Bank of Montreal
By:

Lynda Brochu
Senior Vice-President
Product Management, P&C

Karen Eastburn
Assistant Corporate Secretary

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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